

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, March 20, 2024

Item #1
Draft October 11, 2023, Meeting Minutes



MEETING MINUTES

Internal Audit Oversight Committee

Wednesday, October 11, 2023
2:00 p.m. to 3:00 p.m.

Virtual meeting

- Minh Dan Vuong, IAOC Chair, Community Member
- Jeff Gibbs, Community Member
- Wilda Parks, Community Member
- Tootie Smith, Chair of Board of County Commissioners
- Mark Shull, Vice-chair of Board of County Commissioners
- Gary Schmidt, County Administrator
- Stephen Madkour, County Counsel
- Brian Nava, County Treasurer (non-voting)
- Jodi Cochran, County Internal Auditor
- Kathy Yeung, Senior Internal Auditor
- Dylan Blaylock, Video Production Coordinator, PGA

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/Assignments
Welcome and Introductions	Chair Minh Dan Vuong	Chair Minh Dan Vuong opened the meeting, welcomed the Internal Audit Oversight Committee members, and updated the agenda by moving the 2022 Financial Condition Analysis to after the FY 23-24 Budget Committee Advisory Motion – Management Letter discussion. Jodi Cochran, County Internal Auditor, then performed the roll call.	None

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/Assignments
		It was announced that the meeting is a public meeting and is accessible via ZOOM to any member of the community who would like to observe. Public comment will not be taken during the meeting but can be emailed to OCIA@Clackamas.us .	
June 14, 2023, meeting minutes July 26, 2023, meeting minutes	Chair Minh Dan Vuong	The draft June 14, 2023, and July 26, 2023, Internal Audit Oversight Committee meeting minutes were presented. The June 14, 2023, and July 26, 2023, draft minutes were approved unanimously and adopted.	June 14, 2023, and July 26, 2023, minutes approved as written.
Civil Rights – Title VI Public Notification and Complaint Management engagement results	Jodi Cochran, County Internal Auditor	Jodi presented the Civil Rights – Title VI Public Notification and Complaint Management engagement results. The presentation addressed why the engagement is important, what was observed and recommended as a result of the engagement, and how County Administration has responded to the engagement. The Committee briefly discussed the timeline and logistics of the recommendations.	Informational
FY 23-24 Budget Committee Advisory Motion – Management Letter	Jodi Cochran, County Internal Auditor	Jodi presented the FY 23-24 Budget Committee Advisory Motion – Management Letter results. The presentation addressed why the advice was offered, what was observed, and what was recommended. The Committee discussed the recommendations, the scope of work, expectations and responsibilities, and upcoming timelines.	Informational
2022 Financial Condition Analysis	Kathy Yeung, Senior Internal Auditor	Kathy Yeung presented the 2022 Financial Condition Analysis results. The presentation addressed the purpose of the report, how the report was prepared, a high-level overview of the observations, and where the report can be found.	Informational
Quarterly status updates	Jodi Cochran, County Internal Auditor	The 2022 Audit Plan and the Quality Assurance and Improvement Program Status reports were provided. A review of the reports at the committee meetings is based on availability of time, and reports are typically provided at a high level.	Informational

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/Assignments
		<p>The quarterly reports detail progress toward achieving the annual Audit Plan and specific County Internal Audit strategies and goals. Additionally, the Quality Assurance Improvement Program report serves as a method of addressing specific Standards and ensuring accountability.</p> <p>There was no discussion addressing the quarterly status updates.</p>	
Round Table	All	No additional comments made.	
Meeting adjournment	Chair Minh Dan Vuong	With no additional comments from the Committee, the meeting adjourned at 4:00 p.m.	
		<p>Next scheduled meetings:</p> <p>Wednesday, January 10, 2024 2:00 p.m. to 3:00 p.m. Location: TBD</p> <p>Wednesday, April 10, 2024 2:00 p.m. to 3:00 p.m. Location: TBD</p>	Submitted by: Kathy Yeung

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, March 20, 2024

Item #2
County Internal Audit Recommendations –
2023 Status Presentation



County Internal Audit Recommendation Monitoring Status – 12/2023

Office of County Internal Audit

Introduction

Audit recommendations draw attention to conditions of potential risk to the county. These risks may be barriers to the county's ability to achieve its strategic priorities. Supporting the county's enterprise risk management process, the Office of County Internal Audit monitors the status of outstanding audit recommendations, and the progress management is making toward its intended resolutions.

Total Impact to Date

Audit Reports & Management Letters

- 19 reports
- 13 distinct county departments

Audit & Consulting Recommendations

- 127 recommendations
- 81% audit recommendations have been implemented to improve controls and processes

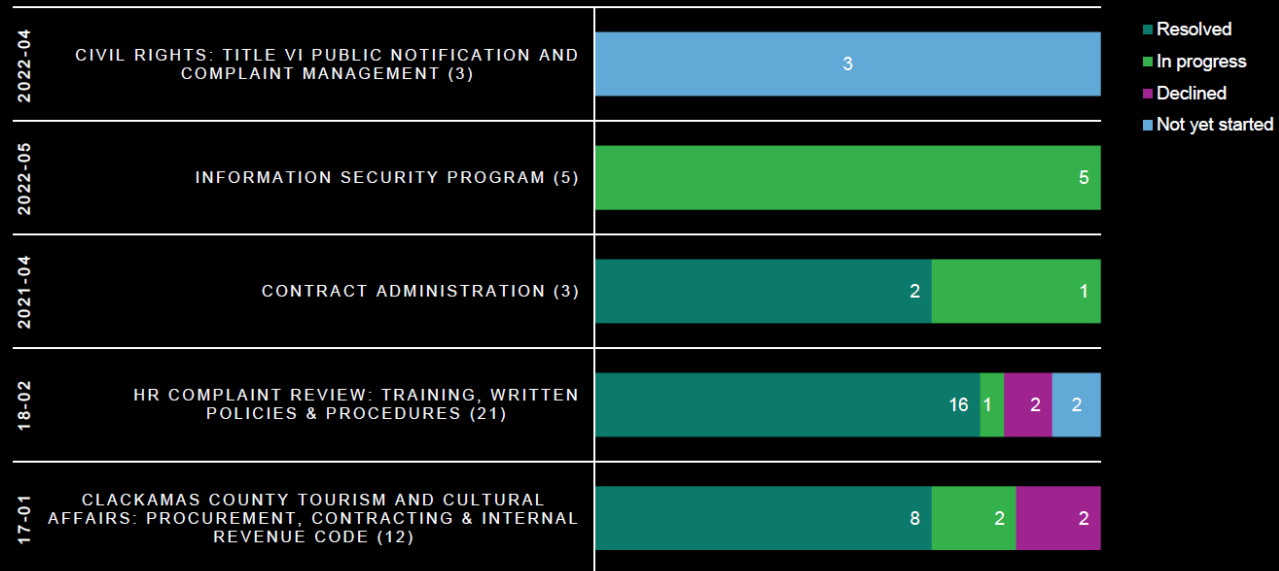
2023 Statistics

Audit assurance and advisory services addressed high risk topics – Emergency Rental Assistance, Information Security, Civil Rights, and County Budget Processes

Audit Recommendations

- ✓ 93% cumulative acceptance rate; 100% in 2023
- ✓ 2023 = 27% resolution rate within 12 months or less
- ✓ 2022 = 92% resolution rate within 24 months or less
- ✓ 2021 = 100% resolution rate within 36 months or less

Audit Reports with Outstanding Audit Recommendations



Civil Rights

1

Review and update the county's 2017 Title VI Plan.

2

Implement key governance elements of the county's Title VI Plan.

3

Develop a plan to fully implement, sustain and monitor the county's Title VI Plan countywide.

Information Security Program

- 1 Address identified vulnerabilities
- 2 Increase capabilities and capacity to detect, identify, protect, recover and respond to information security threats
- 3 Develop information security strategies, resources, policies and procedures which align with industry standards and best practices
- 4 Use low-cost cybersecurity resources federally funded by the U.S. Cybersecurity and Infrastructure Security Agency and available through the Multi-State Information Sharing and Analysis Center
- 5 Leverage cybersecurity grant opportunities

Contract Administration

1

Implement the PeopleSoft contract management module for integration with the current finance system

HR Complaint Review Process

1

Ensure investigators demonstrate their investigation planning process within the file.

2

Review all personnel rules and revise them to reflect current practices, address best practices and determine the appropriate location for the rule, policy or practice (e.g. County Code, EPP, Administrative Rule).

3

Regularly review and update (e.g. biannually, triennially) complaint related policies or rules.

Tourism & Cultural Affairs

1

Develop process to identify non-transient lodging tax reporters.

2

Fully implement consultant recommendations - conduct spot audits to ensure compliance.

Summary

The Office of County Internal Audit supports the county's efforts toward good government. Audit reports support county transparency. Audit recommendations and status monitoring support county accountability.

The background features a black upper section with a light green circle in the top-left and a large white and teal leaf-like shape in the top-right. The lower section is light blue with a white circle in the bottom-left and a teal shape in the bottom-right.

Thank you

Office of County Internal Audit

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, March 20, 2024

Item #3a

Internal Audit Oversight Committee Charter and Bylaws –
DRAFT Revision for approval



Internal Audit Oversight Committee Charter and Bylaws

MISSION

Through oversight of the Office of County Internal Audit (Office) activities, enhance and protect Clackamas County's organizational value by promoting risk-based and objective assurance, advice, and insight.

VISION

The Office of County Internal Audit assurance and advisory services enhance Clackamas County residents', employees', and departments' confidence that the public's interests are protected and encourage engagement with an accountable, high performing, and transparent local government.

PURPOSE

The purpose of the Clackamas County Internal Audit Oversight Committee (Committee) is to support, through the Office, the Clackamas County Board of County Commissioners, County Administrator, and County departments in their oversight of the County's system of internal controls, efficient and effective use of public resources, financial and operational reporting, information security, and compliance with laws, regulations, policies and ethics.

The Committee is responsible for enabling the independence of the Office. Independence is the freedom from conditions that impair the Office's ability to carry out its responsibilities in an unbiased manner. The Committee ensures the Office is independent and acts to promote its integrity and effectiveness.

The Committee guides the activities of the Office and is a forum for all internal audit and external review issues affecting the County, including the monitoring and disposition of those issues. The Committee supports the Office in its efforts to bring a systematic, disciplined approach to evaluating and improving the efficacy of governance, risk management, and control processes.

AUTHORITY

The Committee is established under the authority provided in County Code Chapter 2.15: County Internal Auditor.

The Committee is authorized to review any matters within its scope of responsibility. It may:

- Evaluate management's responses to audit recommendations and noted opportunities for improvement.
- Ensure no unreasonable restrictions are placed on the County Internal Auditor.
- Facilitate transparent communication between the County Internal Auditor, County Administrator, and Board of County Commissioners.
- Monitor Office activities by working with the County Internal Auditor.

COMPOSITION

The Committee is comprised of seven members - the Board of County Commissioners Chair, the Board of County Commissioners Vice Chair, the County Counsel, the County Administrator, and three members of the community appointed by the County Treasurer from a list of nominees submitted by the County Internal Auditor. The County Treasurer may serve as a non-voting member. The Committee membership represents a base of expertise in some of or all of the following areas: local government, finance, risk, information security, and process improvement.

Community members must be Clackamas County residents and avoid conflicts of interest, or the appearance of such conflicts, that would impair independence. Should a conflict arise, members will

advise the County Internal Auditor. Community members may serve three consecutive two-year terms. One of the community members serves as the Committee Chairperson and is elected by the Committee.

MEETINGS AND RECORDS

Committee meetings adhere to Oregon Public Meeting Law. The Committee determines the frequency of its meetings, meeting at least three times annually. The Committee may invite guests to provide pertinent information. Meeting agendas and briefing materials are prepared and provided in advance. Written or recorded minutes are prepared and provided to each Committee member. A quorum consists of four voting Committee members, including at least one community member. A quorum is required for all Committee business requiring a vote of the Committee.

The Committee adheres to Oregon Public Records Law. The Office provides staff resources to the Committee and maintains all Committee permanent records. Distribution and retention of all Office and Committee records is administered through the Office. The Committee safeguards and maintains the security of unpublished information from unauthorized access. All public records requests are administered through the Office.

RESPONSIBILITIES

The Committee has the responsibilities to:

Internal Control and Compliance

- Receive and review all significant internal audit and external review communications, reports, and management letters, as well as management's responses and follow-up activities.
- Consider the Office's assessment of the effectiveness of the County's governance processes.
- Consider the Office's assessment of the effectiveness of the County's risk management processes.
- Consider the Office's assessment of the effectiveness of the County's control processes, including information security and fraud detection.
- Consider the Office's assessment of the effectiveness of the County's system for monitoring law, rule and policy compliance.
- Review the results of management's investigation of any significant noncompliance event.
- Review reports summarizing investigations of potentially fraudulent activities.

Office of County Internal Audit

- Review and assess the adequacy and effectiveness of the Office charter, activities, resources, qualifications and organizational structure, including compliance with The Institute of Internal Auditors' Global Internal Audit Standards.
- Review and approve the Office charter.
- Ensure there are no unjustified restrictions or limitations on the County Internal Auditor.
- Ensure the Office is free from interference when determining its scope, performing engagements and communicating results.
- Review and approve the internal audit risk-based Audit Plan and all major changes to the Plan.
- Review and provide input in the appointment or dismissal of the County Internal Auditor, prior to the County's action.

Reporting Responsibilities

- Ensure an open avenue of communication between the Board of County Commissioners, County Administrator, County departments, Office of County Internal Audit, and external auditors.
- Regularly, in coordination with the County Internal Auditor, present to the Board of County Commissioners results of Committee and County Internal Audit activities.

Other Responsibilities

- Assess the adequacy of Committee charter and bylaws at least annually and approve revisions.
- Confirm annually the responsibilities outlined in this charter have been carried out.

COUNTY MANAGEMENT RESPONSIBILITIES

County management is responsible for the County's governance, risk management, and control processes. The Committee's engagement with the review and assessment of these processes does not relieve management of its responsibilities.

Approved this xxth day of xxx, xxxx by Internal Audit Oversight Committee vote.

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, March 20, 2024

Item #3b
Internal Audit Oversight Committee Charter and Bylaws –
Approved June 8, 2022



Internal Audit Oversight Committee Charter and Bylaws

MISSION

Through oversight of the Office of County Internal Audit (Office) activities, enhance and protect Clackamas County's organizational value by promoting risk-based and objective assurance, advice, and insight.

VISION

The Office of County Internal Audit assurance and advisory services enhance Clackamas County residents', employees', and departments' confidence that the public's interests are protected and encourage engagement with an accountable, high performing, and transparent local government.

PURPOSE

The purpose of the Clackamas County Internal Audit Oversight Committee (Committee) is to support, through the Office, the Clackamas County Board of County Commissioners, County Administrator, and County departments in their oversight of the County's system of internal controls, efficient and effective use of public resources, financial and operational reporting, information security, and compliance with laws, regulations, policies and ethics.

The Committee guides the activities of the Office and is a forum for all internal audit and external review issues affecting the County, including the monitoring and disposition of those issues. The Committee ensures the Office is independent and acts to promote its integrity and effectiveness. The Committee supports the Office in its efforts to bring a systematic, disciplined approach to evaluating and improving the efficacy of governance, risk management, and control processes.

AUTHORITY

The Committee is established under the authority provided in County Code Chapter 2.15: County Internal Auditor.

The Committee is authorized to review any matters within its scope of responsibility. It may:

- Evaluate management's responses to audit recommendations and noted opportunities for improvement;
- Ensure no unreasonable restrictions are placed on the County Internal Auditor;
- Facilitate transparent communication between the County Internal Auditor, County Administrator, and Board of County Commissioners; and
- Monitor Office activities by working with the County Internal Auditor.

COMPOSITION

The Committee is comprised of seven members - the Board of County Commissioners Chair, the Board of County Commissioners Vice Chair, the County Counsel, the County Administrator, and three members of the community appointed by the County Treasurer from a list of nominees submitted by the County Internal Auditor. The County Treasurer may serve as a non-voting member. The Committee membership represents a base of expertise in some of or all the following areas: local government, finance, risk, information security, and process improvement.

Community members must be Clackamas County residents and avoid conflicts of interest, or the appearance of such conflicts, that would impair independence. Should a conflict arise, members will

advise the County Internal Auditor. Community members may serve three consecutive two-year terms. One of the community members serves as the Committee Chairperson and is elected by the Committee.

MEETINGS AND RECORDS

Committee meetings adhere to Oregon Public Meeting Law. The Committee determines the frequency of its meetings, meeting at least three times annually. The Committee may invite guests to provide pertinent information. Meeting agendas and briefing materials are prepared and provided in advance. Written or recorded minutes are prepared and provided to each Committee member. A quorum consists of four voting Committee members, including at least one community member. A quorum is required for all business requiring a vote of the Committee.

The Committee adheres to Oregon Public Records Law. The Office provides staff resources to the Committee and maintains all Committee permanent records. Distribution and retention of all Office and Committee records is administered through the Office. The Committee safeguards and maintains the security of unpublished information from unauthorized access. All public records requests are administered through the Office.

RESPONSIBILITIES

The Committee has a responsibility to:

Internal Control and Compliance

- Receive and review all significant internal audit and external review communications, reports, and management letters, as well as management's responses and follow-up activities.
- Consider the effectiveness of the County's governance processes.
- Consider the effectiveness of the County's risk management processes.
- Consider the effectiveness of the County's control processes, including information security and fraud detection.
- Consider the effectiveness of the County's system for monitoring law, rule and policy compliance.
- Review the results of management's investigation of any significant noncompliance event.
- Review reports summarizing investigations of potentially fraudulent activities.

Office of County Internal Audit

- Review and assess the adequacy and effectiveness of the Office charter, activities, resources, qualifications and organizational structure, including compliance with The Institute of Internal Auditors' *International Professional Practices Framework for Internal Auditing, consisting of the Definition of Internal Auditing, Code of Ethics, and the Standards*.
- Review and approve the Office charter.
- Ensure there are no unjustified restrictions or limitations on the County Internal Auditor.
- Review and approve the internal audit risk-based Audit Plan and all major changes to the Plan.
- Review and provide input in the appointment or dismissal of the County Internal Auditor, prior to the County's action.

Reporting Responsibilities

- Ensure an open avenue of communication between the Board of County Commissioners, County Administrator, County departments, Office of County Internal Audit, and external auditors.
- Regularly, in coordination with the County Internal Auditor, present to the Board of County Commissioners results of Committee and County Internal Audit activities.

Other Responsibilities

- Assess the adequacy of Committee charter and bylaws at least annually and approve revisions when needed.
- Confirm annually the responsibilities outlined in this charter have been carried out.

COUNTY MANAGEMENT RESPONSIBILITIES

County management is responsible for the County's governance, risk management, and control processes. The review and assessment of these processes by the Committee does not relieve management of its responsibilities.

Approved this 8th day of June 2022 by Internal Audit Oversight Committee vote.

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, March 20, 2024

Item #4a
Office of County Internal Audit Charter –
DRAFT Revision for approval



Office of County Internal Audit Charter

MISSION

The mission of the Office of County Internal Audit (Office) is to enhance and protect Clackamas County's organizational value by providing risk-based and objective assurance, advice, and insight.

VISION

The Office provides assurance, advisory, and investigative services to the public, employees and departments of Clackamas County so they can feel confident that the public's interests are protected and can engage with an accountable, high performing, and transparent local government.

PURPOSE

The County Internal Auditor establishes, implements, and monitors internal audit policies, procedures, and resources to provide independent and objective assurance, advisory and investigative services designed to add value and improve County operations. The Office supports transparent, accountable, and informed decision-making and helps the County serve and enrich our community by bringing a systematic, disciplined approach to evaluating and improving the effectiveness and efficiency of governance, risk management, and control processes.

AUTHORITY

The Office is established under the authority provided in County Code Chapter 2.15: County Internal Auditor. The County Internal Auditor is the Chief Audit Executive. The County Internal Auditor reports functionally to the Internal Audit Oversight Committee (Committee) and administratively to the elected County Treasurer. Functional oversight responsibilities of the Committee include approving the risk-based audit plan, reviewing audit reports and recommendations, and providing input regarding the appointment or removal of the County Internal Auditor.

The Office is authorized to examine and evaluate the operations and activities of any office, department, political subdivision, or organization which receives appropriations from the Board of County Commissioners, or for which governing bodies are, or are appointed by, the Board of County Commissioners.

The Office is granted full, free and unrestricted timely access to all activities, information, records, property and personnel required to provide assurance, advisory or investigative services. The Office has the authority to request reasonable assistance from County personnel in acquiring records, documents, and files, as well as inspection and entry privileges to all assets owned, leased, or borrowed by the County. Internal Audit staff are held strictly accountable for the safeguard of all materials and the confidentiality of information, when appropriate.

PROFESSIONALISM

The Office governs itself by adherence to The Institute of Internal Auditors' Global Internal Audit Standards (Standards). The Standards constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Office's performance. The County Internal Auditor annually affirms to the Committee compliance with the Global Internal Audit Standards.

INDEPENDENCE AND OBJECTIVITY

The Office remains free from conditions that may impair the ability of the Office to carry out internal audit responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures,

frequency, timing and communication form or content. The Office does not perform, or have authority over, operational responsibilities or non-audit functions or duties subject to periodic internal audit assessments, as this may compromise its independence or objectivity.

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being assessed. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments. Internal auditors have impartial, unbiased attitudes and avoid any conflicts of interest.

The County Internal Auditor annually affirms to the Committee the organizational independence of the internal audit function and the professional objectivity of the internal auditors.

SCOPE OF WORK AND RESPONSIBILITIES

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the County's governance, risk management and control process, as well as the quality of performance in carrying out assigned responsibilities to achieve its goals and objectives. The Office provides three types of services – assurance, advisory and investigative.

Assurance services are services through which internal auditors perform objective assessments and provide assurance statements. These statements are intended to increase the level of stakeholders' confidence about the County's governance, risk management, and control processes over an issue, condition, subject matter, or activity under review when compared to established criteria. Examples of assurance services include compliance, financial, operational or performance, and technology engagements. The Office may provide limited or reasonable assurance, depending on the nature, timing, and extent of procedures performed.

Advisory services are consultative and include service activities such as counsel, advice, facilitation, training and participation on standing or temporary management committees or project teams. The objective of advisory services is to add value in the development, modification or validation of County processes, procedures and controls to minimize risk, achieve objectives and foster continuous improvement. Advisory services do not provide assurance or assume management responsibilities.

Investigative services are independent special reviews and investigations addressing allegations of fraud, waste, abuse, or misuse of County assets and resources. The Office develops, implements, and manages the County fraud, waste, and abuse hotline program, the Good Government Hotline.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Office maintains a quality assurance and improvement program. The program is an evaluation tool that ensures the internal audit function conforms with the Global Internal Audit Standards, achieves performance objectives, and pursues continuous improvement. The County Internal Auditor reviews program results with the Committee at least annually.

The County Internal Auditor reviews and assesses the adequacy of this charter with the Committee at least annually. Revisions are submitted to the Committee for approval. All approved revisions supersede prior Internal Audit charters.

COUNTY MANAGEMENT RESPONSIBILITIES

County management is responsible for the County's governance, risk management, and control processes. The performance of assurance, advisory and investigative services by the Office does not relieve management of any responsibilities.

Approved as revised this **xxxx day of xxxx xxxx** by Internal Audit Oversight Committee vote, and in collaboration with the County Treasurer and the County Internal Auditor.

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, March 20, 2024

Item #4b
Office of County Internal Audit Charter –
Approved June 8, 2022



Office of County Internal Audit Charter

MISSION

The mission of the Office of County Internal Audit (Office) is to enhance and protect Clackamas County's organizational value by providing risk-based and objective assurance, advice, and insight.

VISION

The Office provides assurance, consulting, and investigative services to the public, employees and departments of Clackamas County so they can feel confident that the public's interests are protected and can engage with an accountable, high performing, and transparent local government.

PURPOSE

The County Internal Auditor establishes, implements, and monitors internal audit policies, procedures, and resources to provide independent, objective assurance, consulting and investigative activities designed to add value and improve County operations. The Office supports transparent, accountable, and informed decision-making and helps the County serve and enrich our community by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.

AUTHORITY

The Office is established under the authority provided in County Code Chapter 2.15: County Internal Auditor. The County Internal Auditor is the Chief Audit Executive (CAE). The Chief Audit Executive reports functionally to the Internal Audit Oversight Committee (IAOC) and administratively to the elected County Treasurer. Functional oversight responsibilities of the IAOC include approving the risk-based audit plan, reviewing audit reports and recommendations, and providing input regarding the appointment or removal of the CAE.

The Office is authorized to examine and evaluate the operations and activities of any office, department, political subdivision, or organization which receives appropriations from the Board of County Commissioners, or for which governing bodies are appointed by the Board of County Commissioners.

The Office is granted full, free and unrestricted timely access to all activities, information, records, property and personnel required to conduct an audit or otherwise perform audit duties. The Office has the authority to request reasonable assistance from County personnel in acquiring records, documents, and files, as well as inspection and entry privileges to all assets owned, leased, or borrowed by the County. Internal Audit staff are held strictly accountable for the safeguard of all materials and the confidentiality of information, when appropriate.

PROFESSIONALISM

The Office governs itself by adherence to The Institute of Internal Auditors' mandatory guidance, including the Definition of Internal Auditing, the Code of Ethics and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Office's performance. The CAE annually affirms to the IAOC compliance with professional standards and the Code of Ethics.

INDEPENDENCE AND OBJECTIVITY

The Office remains free from influence by County management in any element, including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of necessary independent and objective mental attitude. The Office does not perform, or have authority over,

operational responsibilities or non-audit functions or duties subject to periodic internal audit assessments, as this may compromise its independence or objectivity.

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments. Internal auditors have impartial, unbiased attitudes and avoid any conflicts of interest.

The CAE annually confirms to the IAOC the organizational independence of the internal audit function.

SCOPE OF WORK AND RESPONSIBILITIES

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the County's governance, risk management and control process, as well as the quality of performance in carrying out assigned responsibilities to achieve its goals and objectives. The Office provides three types of services – assurance, advisory and investigative.

Assurance services are objective examinations of evidence to provide an independent assessment; commonly referred to as audits. The scope of work for assurance services determines whether the County's network of governance, risk management, and control processes is adequate and functioning to ensure:

- Risks are appropriately identified and managed;
- Financial, managerial and operating information is accurate, reliable and timely;
- Actions follow the County's policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Operational results are consistent with established objectives and plans;
- Quality and continuous improvement are fostered in the internal control process;
- Legislative or regulatory issues impacting the County are recognized and addressed appropriately;
- IT development and systems are appropriately managed, controlled and protected; and
- Audit recommendations are evaluated and implemented, as appropriate.

Advisory services are consultative and include service activities such as counsel, advice, facilitation, training and participation on standing or temporary management committees or project teams. The objective of consulting services is to add value in the development, modification or validation of County processes, procedures and controls to minimize risk and achieve objectives.

Investigative services are independent special reviews and investigations addressing allegations of fraud, waste, abuse, or misuse of County assets and resources. The Office develops, implements, and manages the County fraud, waste, and abuse hotline program, the Good Government Hotline.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Office maintains a quality assurance and improvement program. The program includes an evaluation of the office's conformance with the *Standards* and application of The Code of Ethics. The program assesses the efficiency and effectiveness of the internal audit function and identifies improvement opportunities. The CAE reviews program results with the IAOC at least annually.

The CAE reviews and assesses the adequacy of this charter with the IAOC at least annually. Revisions are submitted to the IAOC for approval. All approved revisions supersede prior Internal Audit charters.

COUNTY MANAGEMENT RESPONSIBILITIES

County management is responsible for the County's governance, risk management, and control processes. The performance of audits and reviews by the Office does not relieve management of any responsibilities.

Approved as revised this 8th day of June 2022 by Internal Audit Oversight Committee vote, and in collaboration with the County Treasurer and the County Internal Auditor.

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, October 11, 2023

Item #5
FY23-24 Audit Plan – 03.20.2024 Status



FY23-24 Audit Plan

Assurance & Advisory Engagements – Status update
March 20, 2024

Engagements	Status	Notes
Civil Rights – Title VI Public Notification and Complaint Management	Complete	Management Letter issued – August 31, 2023. Management agreed with 3/3 recommendations offered.
FY 23-24 Budget Committee Advisory Motion	Complete	Advisory engagement requested by County Administrator/County Budget Officer. Management Letter issued – September 31, 2023. Seven recommendations were offered, including pursuing an external performance audit. County contracted with Moss Adams to perform a performance audit. The Moss Adams audit report, dated February 13, 2024, was discussed at a February 20, 2024, Board of County Commissioners policy session. Eight recommendations were offered.
2023 Audit Recommendation Monitoring	Complete	Monitoring activity and surveys conducted in December 2023. All responses received and analyzed in January 2024. Summary of results discussed in March 2024 Internal Audit Oversight Committee meeting.
Clackamas County Clerk – Elections Audit: Status Update	Ongoing	Planning and survey work underway; Scope will encompass tested verification of implemented audit recommendations during May 21, 2024, Primary Election. Engagement timed for maximum efficiency and voter transparency.
Courthouse Capital Construction Project	Ongoing	Engagement letter issued January 10, 2024. Fieldwork and testing in progress. Target report date April/May 2024.
Finance – Asset Management	Ongoing	Engagement letter issued January 11, 2024. Fieldwork and testing in progress. Target report date April/May 2024.
2023 Risk Assessment	Ongoing	Risk assessment activity initiated in January 2024, interviews and data collection ongoing. Results to be shared with county leadership and will inform FY 24-25 Audit Plan. Target report date May/June 2024.
Good Government Hotline	Ongoing	Administration of county's fraud, waste and abuse hotline. Activity and allocated time trending up. Six reports received and responded to in two-month period (January and February 2024) – half of prior annual average reports.
Clackamas County Sheriff's Office – Jail Operations	Planned	
Housing Authority – Affordable Housing Bond Program	Planned	

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, October 11, 2023

Item #6
Quality Assurance and Improvement Program –
03.20.2024 Status



Quality Assurance and Improvement Program

Status update
March 20, 2024

QAIP Goals & Activity	Status	Notes
County Code	Complete	County Ordinance #05-2020 - September 23, 2020
IAOC Handbook*	Complete	IAOC onboarding tool; updated January 2023
OCIA Webpage – Public internet	Complete	Maintenance ongoing; Good Government Hotline updates
Post-engagement customer survey*	Complete	Post-engagement survey process fully implemented and incorporated into ongoing activity.
IAOC Composition	Complete	Composition includes community membership – New member assigned January 2024.
OCIA Classification Series and Resources*	Complete	Two FTE; Development of County Internal Audit professional classification series completed December 2022; Preliminary alignment with industry standards and Oregon market. Continued monitoring and review of adequate governance.
OCIA Charter	In progress	Next annual review – Target January 2025
IAOC Charter	In progress	Next annual review – Target January 2025
OCIA Policy and procedure manual*	In progress	Continued development and refinement; completion planned in preparing for peer review.
External Quality Assessment Review - Peer review*	In planning stage	Coordinating with the State of Oregon Chief Audit Executive Council to participate in state reciprocal activity. Timing impacted by State resources and projects.
Hotline governance	In progress	Annual summary reports published; Governance and control processes being reviewed and revised to reflect new structure adopted in 2021.
OCIA Webpage – Intranet	Not yet started	

*QAIP goal & activity included in Performance Clackamas – Strategic Business Plan

Standard	Summary of Requirement	
IPPF 1000.C1	The Office of County Internal Audit charter is reviewed with the IAOC to ensure its adequacy and compliance with <i>Standards</i> .	FY23-24
IPPF 1010	The CAE discusses with the IAOC the Definition of Internal Auditing, the Code of Ethics, and the Standards – as documented within the Office of County Internal Audit charter.	FY23-24
IPPF 1010	The CAE discusses with senior management the Definition of Internal Auditing, the Code of Ethics, and the Standards – as documented within the Office of County Internal Audit charter.	FY23-24
IPPF 1110	The CAE confirms to the IAOC annually the organizational independence of the Office of County Internal Audit.	FY23-24
IPPF 1111	The CAE communicates and interacts directly with the Board – providing annual activity updates.	FY23-24
IPPF 1130.A1&A2	The CAE confirms to the IAOC annually the objectivity of the Office of County Internal Audit staff.	FY23-24
IPPF1300	The CAE discusses the results of the Quality Assurance and Improvement Program, including ongoing monitoring of individual engagements, self-assessment results and recommendations, and external peer reviews.	FY23-24
IPPF 2200 through IPPF 2450	The CAE discusses with the IAOC the results of individual engagement quality assurance reviews when presenting engagement results.	
IPPF 1312	The CAE discusses with the IAOC the form (full or validation) and frequency of external assessments, including the independence and qualifications of the external reviewer.	
IPPF 1320	The CAE communicates the results of the external assessment to the IAOC and the status of recommendations.	
IPPF 1320	The CAE communicates the results of the external assessment to senior management.	
IPPF 1321 & IPPF 1322	The CAE addresses with the IAOC the Office of County Internal Audit's use of statements of <i>Standard</i> conformity or nonconformity in engagement communications.	
IPPF 2040	The CAE confirms to the IAOC the adequacy of the Office of County Internal Audit policies and procedures, including the IAOC Member Handbook.	
IPPF 2050	The CAE reviews coordination of combined assurance functions within the county.	
IPPF 2500	The CAE monitors the status of all management recommendations (internal and external) and communicates the results to the IAOC to ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.	FY23-24
IPPF 2600	The CAE communicates to the IAOC all circumstances in which the CAE has determined that senior management has accepted a level of risk that may be unacceptable to the county organization.	FY23-24
IPPF 2010.A1 IPPF 2010. C1	The CAE performs and documents an annual countywide risk assessment, incorporating input from the IAOC, Board, and senior management.	
IPPF 1210 & IPPF1230	The CAE demonstrates to the IAOC how the Office of Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to perform its responsibilities. CAE annually confirms compliance with all continuing professional education requirements.	
IPPF 1210.A2	The CAE addresses with the IAOC the sufficiency of fraud detection and investigation resources within the Office of County Internal Audit.	
IPPF 1210.A3	The CAE addresses with the IAOC the sufficiency of information technology auditing resources within the Office of County Internal Audit.	
IPPF 2000 & IPPF 2010	The CAE prepares and presents to the IAOC and senior management an audit plan which adds value to the county organization and represents a risk-based prioritization of Office of County Internal Audit resources.	
IPPF 2020	The IAOC reviews and approves the audit plan, considering resources limitations as communicated by the CAE.	
IPPF 2100 through IPPF 2130.C1	The CAE formally assesses and contributes to the improvement of county governance, risk management, and control processes.	

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