

# 2016 Internal Audit Plan



**CLACKAMAS**  
**C O U N T Y**

December 2015

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Clackamas County

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## **INTERNAL AUDIT PLAN OVERVIEW**

This document provides the 2016 Internal Audit Plan as required by professional auditing standards.

### **AUDIT PLAN – Exhibit A**

The final audit plan covers a 12-month period beginning January 1, 2016 through December 31, 2016. This plan includes internal audits selected based on the results of the entity wide risk assessment performed by Clackamas County Internal Audit (IA), input from various stakeholders and managers throughout the County, and input and approval from the Internal Audit Oversight Committee (IAOC).

### **PRIORITIZED POTENTIAL AUDITS – Exhibit B**

The IA prioritized the County's departments, or auditable units, by sorting the units from highest risk to lowest risk based on scoring criteria used for the entity wide risk assessment (Exhibit D). The IA analyzed the results to determine if risk ratings were consistent with what professional judgment would expect. In addition, the IA considered whether auditable units are currently or will be undergoing process changes in the near future to help identify the timing of when an Internal Audit should occur. This resulted in the prioritized ranking of audits.

Risk used throughout this plan is defined as the possibility that an event will occur and adversely affect the achievement of objectives. Risk is generally measured in terms of impact and likelihood. The auditable units with a high risk score merely indicates that the services or functions they are responsible for are by nature a high priority activity because of such factors as having a large amount of expenditures and/or revenues, having a high level of liquid assets such as cash, management's assessment of the control environment, or a high degree of public interest. A high risk score generally indicates that if something were to go wrong (e.g. likelihood), it could have a significant impact. Priority for audits will be focused to address high risk units. A high risk score does not mean that an auditable unit is being managed ineffectively or that internal controls are not adequate.



As such:

1. We are committed to prioritizing and auditing business activities, processes and/or units identified as “high risk”. Our approach is to provide coverage of the most critical or sensitive aspect of the activity identified. We do make exceptions to this in regards to any audits that are “carry-overs” from the prior year, where there has been recent audit coverage, or if our professional judgment determines otherwise.
2. Any audit requests made by the Board of County Commissioners (BCC), IAOC or Department Directors generally become a “high priority” area to audit.
3. Our commitment is to perform focused audits that address the most critical areas of operations to provide a quick turnaround time to the auditee. We are striving to minimize the disruption to auditee operations through this approach.
4. Except as otherwise discussed above, we generally do not audit areas unless the risk assessment identifies them as high priority. However, due to limited resources, IA will not be able to audit all high risk areas.

#### **2016 TOP 10 RISK SCORES & POTENTIAL RISKS – Exhibit C**

This exhibit helps outline the top 10 audit units by overall risk score and what potential risks could occur in these areas if internal controls are not implemented and functioning effectively. Risks were identified by the IA; and by County stakeholders and management via the over 75 interviews conducted by the IA.

#### **RISK FACTOR DEFINITIONS AND SCORING CRITERIA – Exhibit D**

Generally Accepted Government Auditing Standards and the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing require the Internal Auditor to establish a risk-based approach to determine the priorities for internal audit activities. Internal Audit has completed a risk assessment as a means to help identify, measure, and prioritize potential audits based on the level of risk to the County and for preparing the calendar year 2016 Audit Plan.

The IA established risk criteria, based on best practices implemented by other Internal Audit Departments throughout governmental and county entities, to be used in determining the overall risk for each potential auditable unit. The IA scored risk for each auditable unit by: receiving input from key stakeholders throughout the county; scoring the complexity (e.g. likelihood of error) of each unit; scoring the significance of the impact an error and/or weakness would have to the County as a whole if a detrimental event were to occur in that unit; scoring the significance of revenues and expenditures flowing through the unit; and scoring risk based on the IA’s professional judgment.



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### **AUDIT PLAN APPROVAL PROCESS – Exhibit E**

This exhibit outlines the process for approving the audit plan each year.

### **AUDIT ENTITIES – Exhibit F**

Exhibit F provides an overview of the audit universe at the County (i.e. “what is auditable”). Defining the audit universe is a critical step in helping plan future internal audits at the County. Each auditable unit must be distinct and contain activities structured to obtain common objectives. Auditable units were generally identified based on discussions with staff and management, the “department” structure outlined in the County’s accounting software and the department structure outlined on the County’s website<sup>1</sup>. To ensure the efficiency and effectiveness of this process, IA combined units with common strategic objectives and separated units where common strategic objectives could not be identified. For example, Facilities is within the Finance department, however, strategic objectives associated with Facilities differ enough that IA felt it was appropriate to separate Facilities from Finance. For the 2016 entity wide risk assessment, there are 51 auditable units.

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<sup>1</sup> e.g. <http://www.clackamas.us/dp.html>



**Internal Audit Plan**

January 1, 2016 through December 31, 2016

<b>Audit #</b>	<b>Engagement Title</b>	<b>Hours<sup>2</sup></b>	<b>Timeframe<sup>3</sup></b>	<b>Comments</b>
Risk Assessment	2 <sup>nd</sup> Annual Risk Assessment and 2017 Audit Plan	150	Sept. – Nov. 2016	Annually required by IIA auditing standards.
Policies and Procedures	Development of IA P&P's, website, mission, strategic objectives, etc.	200	Jan. – Apr. 2016	
<b>Tier I Audits</b>				
2015-1	Justice Court	Estimated at 120 for CY 2016 <sup>4</sup>	Nov. 2015 – Feb. 2016	Started in calendar year 2015.
2015-2	Risk Management Pool	Estimated at 120 for CY 2016 <sup>4</sup>	October 2015 – Jan. 2016	Started in calendar year 2015.
2016-1	Finance - Procurement	Estimated at 360 hours.	Mar. – July 2016	
2016-2	DTD <sup>5</sup> - Engineering	Estimated at 360 hours	June – Oct. 2016	
2016-3	Tourism	Estimated at 360 hours	Sept. 2016 – Jan. 2017	
SPECIAL REVIEWS	Special reviews	200	Calendar Year 2016	Special reviews are largely based on the # of EthicsPoint reports received during the year.

<sup>2</sup> Hours may be adjusted as needed based on scope and objectives of the planned audit and potential issues identified during fieldwork.

<sup>3</sup> Dates may be adjusted as needed to avoid a negative impact on County projects, available staff and resources. End date is the date we anticipate draft report is completed.

<sup>4</sup> A substantial amount of audit work attributed to this audit is being performed in calendar year (CY) 2015. These hours are the ones we believe it will take to complete the audit during CY 2016.

<sup>5</sup> Department of Transportation and Development (DTD)



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CONSULT	Consulting Work	200	Calendar Year 2016	Consulting & training work as needed/ requested by management.
	<b>Total Audit Hours for Calendar Year 2016</b>	<b>2,070</b>		
INDIRECT	Indirect hours for 2016	250	Calendar Year 2016	Hours are estimates for training, leave time, dept outreach & management meetings
	<b>Total Budgeted Hours</b>	<b>2,320</b>		
<b>Tier II Audits</b>				
N/A	Finance – Facilities	Estimated at 360 hours.		
N/A	Cash Controls	Estimated at 360 hours.		
N/A	Sheriff	Estimated at 360 hours.		
N/A	Fleet and Heavy Fleet	Estimated at 360 hours.		
N/A	DES - Discipline Administration	Estimated at 360 hours.		
N/A	DES – Hiring Process	Estimated at 360 hours.		
N/A	DES – Reclassification Process	Estimated at 360 hours		
N/A	Telephone Tax Audit	Estimated at 160 hours.		
N/A	Code Enforcement	Estimated at 360 hours.		
N/A	Building and IT Security	Estimated at 360 hours.		
N/A	Red light camera audit	Estimated at 360 hours.		Determine if we should add red light cameras in the County.
N/A	Overtime, vacation, sick leave audit	Estimated at 360 hours.		
N/A	Juvenile data analysis	Estimated at 360 hours.		



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N/A	Internet and e-mail usage	Estimated at 360 hours.		
N/A	DTD – Weighmaster	Estimated at 360 hours.		May just monitor to see what audit/review DTD has put in place.
N/A	Finance – How long it takes for information to get into PeopleSoft Financial	Estimated at 360 hours.		
N/A	Marijuana cost analysis	Estimated at 360 hours.		
N/A	Retirement/Succession Audit	Estimated at 360 hours.		





**Audit Plan**  
 Description of Audits  
 January 1, 2016 through December 31, 2016

Audit #	Description
2015-1	Audit focuses on reviewing revenue streams associated with the Justice Court. Determining how the County Justice Court compares to similar Justice Courts. We will also review internal controls and help ensure the Justice Court is operating efficiently and effectively.
2015-2	The audit specifically focuses on the management of the risk management fund. We are looking at the procedures to calculate the overall amount to allocate to County departments and the process for determining the amount to allocate to each County department. IA will also review the procedures in place to process claims and compare our overall risk management process with other governmental entities.
2016-1	Audit will focus on reviewing internal controls over procurement card transactions. For example, reviewing the transaction approval and monitoring process. We will also perform data mining and review a sample of transactions to ensure they are appropriate as well as provide information on what personnel is purchasing with procurement cards.
2016-2	Audit will focus on reviewing internal controls and developing a clear, concise, efficient and effective process for performing and documenting procedures associated with DTD engineering and/or construction projects.
2016-3	We will review the Tourism revenue and expenditure recording process as well as expenditures and internal controls associated with this department.
Risk Assessment	The annual risk assessment forms the basis of the audit plan. Auditing standards require the IA to conduct an annual risk assessment to conform to standards.
Consulting	County management may ask IA for consulting services to be performed in accordance with the mission & authority of IA.
Special Reviews	Includes hours for unplanned, special requests for audit reviews and investigations arising from allegations received and/or detrimental events occurring at the County.

## 2016 Prioritized Audit Risk Model – Auditable Units

Auditable Entity / Unit	Total Risk Rating	Risk Category	IA Planned for 2016?
Sheriff	289 <sup>6</sup>	High	No <sup>7</sup>
Health, Housing and Human Services (H3S): Health Centers, Public Health, WIC, Prevention, AMR, FQHC, Administration, Capitation Services, Certified Mental Health Professionals and Safety Net	215	High	No
Behavioral Health - H3S	174	High	No
Transportation and Development (DTD): Road Administration, Public Land Preservation, Transportation Maintenance, Engineering, Capital Projects, Planning and Zoning	173	High	Yes 2016-2
Water Environment Services	165	High	No
Community Solutions	163	High	No
Purchasing - Finance	156	High	Yes 2016-1
Risk Management – DES	155	High	Yes 2015-2
Benefits - DES	154	High	No <sup>7</sup>
System Development Charges – DTD	152	High	No
Tourism	147	High	Yes 2016-3
Building Codes and Code Enforcement - DTD	147	High	No
Justice Court	146	High	Yes 2015-1
County Clerk	145	High	No
Community Development - H3S	144	Moderate	No
District Attorney	144	Moderate	No
Finance: Administration, Capital Projects Reserve, Lottery Funds, Non-Departmental, Transient Room Tax, Debt Service	144	Moderate	No <sup>7</sup>
Fleet Services - Finance	144	Moderate	No
Facilities Management - Finance	137	Moderate	No
Department of Employee Services (DES) Administration	137	Moderate	No <sup>7</sup>

<sup>6</sup> The Clackamas County Sheriff's Office (CCSO) chose to not participate in the risk assessment process. Therefore, without input from the CCSO, IA assessed risk at the highest possible amount and maintained the CCSO as one auditable unit.

<sup>7</sup> IA may indirectly audit aspects of this auditable unit via the planned audits for 2016. For example, Justice Court revenue is highly dependent on the amount of citations written by the CCSO.



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Business and Economic Development - BCS	137	Moderate	No
Sheltering and Adoption & Children, Youth and Families - H3S	136	Moderate	No
Family Support and Victim Assistance - District Attorney	134	Moderate	No
Development Agency - DTD	133	Moderate	No
Alcohol & Drug Administration and Community Action Agencies - H3S	132	Moderate	No
Clackamas Library and Library Network	130	Moderate	No
Social Services - H3S	124	Moderate	No
Technology Services	123	Moderate	No
Sustainable Clackamas – DTD	121	Moderate	No
Assessment and Taxation	118	Moderate	No
Emergency Management Operation	114	Moderate	No
Records Management - County Clerk	112	Moderate	No
North Clackamas Parks and Recreation District - BCS	110	Moderate	No
Parks - BCS	109	Moderate	No
County Fair	108	Moderate	No
Clackamas County 911	106	Moderate	No
Resolution Services - Family Court Services	104	Moderate	No
Juvenile Department	102	Moderate	No
Forestry – BCS	95	Low	No
County Counsel	94	Low	No
Board of County Commissioners	93	Low	No
Medical Examiner - Emergency Management Operation	91	Low	No
Diversity Equity and Inclusion	86	Low	No
Cable Communications	86	Low	No
Property Resources/Surplus Property - BCS	85	Low	No
Public & Government Affairs	83	Low	No
County Treasurer <sup>8</sup>	81	Low	No
Law Library	78	Low	No
County Surveyor	77	Low	No
County Administration	71	Low	No
Geographic Information System	66	Low	No

<sup>8</sup> The Clackamas County Internal Auditor currently reports to the Clackamas County Treasurer. The evaluation of risk and procedures performed throughout this risk assessment were consistently administered to each auditable entity/unit.

## Overview of Risks Identified in the Top 10 Risk Scores

	Audit Unit	Risks Identified through Risk Assessment Process <sup>9</sup>	Impact to County
1	Sheriff	<ul style="list-style-type: none"> <li>a. Operations are decentralized, which can make business functions difficult to monitor.</li> <li>b. Customers less likely to work with us because of negative publicity regarding practices (e.g. customers find ways to work around us).</li> <li>c. Increased potential for physical harm and injury to employees and public.</li> <li>d. Transitional center does not achieve identified objectives.</li> <li>e. Internal controls over revenues and expenditures are not sufficient.</li> <li>f. Lack of clearly defined policies and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>a. High</li> <li>b. High</li> <li>c. High</li> <li>d. Moderate to High</li> <li>e. Moderate</li> <li>f. Moderate to High</li> </ul>
2	H3S	<ul style="list-style-type: none"> <li>a. Building security inadequate.</li> <li>b. Lack of documented policies and procedures.</li> <li>c. Losing grant funding due to lack of compliance.</li> <li>d. Vacancies not filled timely.</li> <li>e. Lack of personnel with necessary and appropriate PeopleSoft experience.</li> <li>f. Inappropriate purchases.</li> <li>g. Accountant classifications are not appropriate for H3S employees.</li> </ul>	<ul style="list-style-type: none"> <li>a. High</li> <li>b. High</li> <li>c. High</li> <li>d. Moderate to High</li> <li>e. Moderate</li> <li>f. Moderate</li> <li>g. Low</li> </ul>
3	Behavioral Health	<ul style="list-style-type: none"> <li>a. Payroll information does not match what's in Workforce (County's timekeeping software).</li> <li>b. Inadequate span of control (i.e. Department has recently been combined with Addictions and Mental Health).</li> <li>c. Lack of PeopleSoft experienced employees.</li> </ul>	<ul style="list-style-type: none"> <li>a. Moderate to High</li> <li>b. Moderate</li> <li>c. Moderate</li> </ul>

<sup>9</sup> These risks are not meant to be all inclusive.



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4	<b>Transportation and Development</b>	<ul style="list-style-type: none"> <li>a. 50% of personnel may be eligible for retirement or will be eligible for retirement soon.</li> <li>b. Inadequate cash controls.</li> <li>c. Lack of documented policies and procedures.</li> <li>d. Lack of review related to refunds.</li> <li>e. Inadequate asset tracking and inventory system.</li> <li>f. Unsafe roads.</li> <li>g. Inadequate monitoring of Dog Control Division.</li> <li>h. Lack of funding for roads.</li> </ul>	<ul style="list-style-type: none"> <li>a. High</li> <li>b. High</li> <li>c. High</li> <li>d. High</li> <li>e. Moderate to High</li> <li>f. Moderate to High</li> <li>g. Moderate to High</li> <li>h. Moderate to High</li> </ul>
5	<b>Water Environment Services</b>	<ul style="list-style-type: none"> <li>a. Inability to maintain compliance with regulatory requirements and changes.</li> <li>b. Loss of service to the public due to capacity issues and/or equipment malfunctions.</li> <li>c. Lack of institutional knowledge. (e.g. Upper management has completely turned over in recent years.)</li> <li>d. Prior year findings identified in external audits not resolved.</li> </ul>	<ul style="list-style-type: none"> <li>a. High</li> <li>b. High</li> <li>c. Moderate</li> <li>d. Moderate</li> </ul>
6	<b>Community Solutions</b>	<ul style="list-style-type: none"> <li>a. Lack of funding.</li> <li>b. Significant turnover in recent years.</li> <li>c. Inadequate cash controls.</li> <li>d. Unidentified homeowner dishonesty.</li> </ul>	<ul style="list-style-type: none"> <li>a. Moderate to High</li> <li>b. Moderate to High</li> <li>c. Moderate</li> <li>d. Moderate</li> </ul>
7	<b>Purchasing</b>	<ul style="list-style-type: none"> <li>a. Inadequate review of purchasing documents.</li> <li>b. Request for proposal requirements are not met.</li> <li>c. Turnover. (i.e. Purchasing Manager has been hired back on contract and entire staff is eligible for retirement.)</li> <li>d. Procurement cards are used to make inappropriate purchases.</li> </ul>	<ul style="list-style-type: none"> <li>a. High</li> <li>b. Moderate to High</li> <li>c. Moderate to High</li> <li>d. Moderate to High</li> </ul>



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<b>8</b>	<b>Risk Management</b>	a. Overall amount to allocate to departments is inappropriate. (e.g. not enough allocated to cover claims.) b. Whistleblower protection could be inadequate. c. Departments not participating in risk management process. d. Allocation to departments is inappropriately calculated. e. Risk management funding becomes too expensive for County departments to afford.	a. High b. High c. Moderate to High d. Moderate e. Moderate
<b>9</b>	<b>Benefits</b>	a. Self-insured medical plans not administered appropriately. b. Affordable Care Act compliance requirements not maintained leading to fines. c. Understaffed. d. Hiring and tracking of temporary employees. e. Benefits for employees decrease causing employee morale to decline. f. Benefits granted to those who are ineligible.	a. Moderate to High b. Moderate to High c. Moderate d. Low to Moderate e. Low to Moderate f. Low to Moderate
<b>10</b>	<b>System Development Charges</b>	a. Policies and procedures are not written and/or not up to date. b. System development charges are inaccurately calculated. c. Inadequate cash controls.	a. Moderate b. Moderate c. Moderate

## Risk Factor Definitions and Scoring Criteria

### Overview of Entity Wide Risk Assessment

Auditable Unit	A							B	C	D	E	F
	Risk Assessment Survey Score	Strategic	Operational	Financial	IT	Legal Compliance	Customer Service	Total Business Risk Factors	Combined Risk Assessment & Complexity Score	Financial Significance Score	Last Time Audit by IA Score	Total Risk Score
Example Unit A	40	1	1	1	1	1	1	6	240	24	25	289
Example Unit B	10	0	1	0	0	0	0	1	10	.2	0	10.2

**Risk Assessment Survey Score** – The IA held interviews with key stakeholders from the various auditable units to help gain an understanding of risks and obstacles each unit was facing and to gain a more thorough understanding of the duties and responsibilities of each unit. The IA met with over 75 stakeholders throughout the County to obtain input on the 2016 risk assessment. The IA asked stakeholders questions on:

#### General Risks

**Control Environment** describes the tone management sets/displays for personnel in regards to how policies and procedures are followed and control activities are performed.

**Risk Assessment** is management’s identification and analysis of risks relevant to the achievement of objectives and goals. In addition, it includes a plan for determining how known risks should be managed to help the organization achieve its objectives and goals.

**Control Activities** include policies and procedures, segregation of duties, and physical & automated controls that help management ensure directives are carried out.

**Information and Communication** is the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities. Information systems deal with both internally generated data and information about external events, activities, and conditions.

**Monitoring** is a process established by management that assesses the quality of internal control and program performance over time. Monitoring provides external oversight, either ongoing or in the form of independent checks of internal controls by management or other parties outside the process.



### **Specific Risks**

**Obstacles the unit faces** – examples include spikes in demand on services, lack of adequate infrastructure, etc...

**Known risks the unit faces** – grant requirements, monitoring requirements, safety risks, etc...

**Confirmed or alleged instances of fraud, waste, or abuse** – misappropriation of assets, loss of funds, termination of personnel, etc...

**Risks with turnover of personnel** – The risk that the organization will lose a significant amount of institutional knowledge at a key time in operations.

**Other areas of concern** – manual versus automated processes, lack of key data to help manage programs, perceptions of program processes that cause concerns, etc...

*The IA scored the 10 topic areas listed above based on his professional experience, input received from stakeholders throughout the County, and observations of each unit by the IA. This risk score was placed into Column A above. The highest score possible for this section of the risk assessment was 40 points and the lowest was 10 points.*

### **Complexity of Unit and Impact to County**

The IA scored each unit based on his understanding of the complexity of processes overseen by the unit and the impact that an actual error in the unit's processes could have to the County as a whole.

Complexity and impact were broken out into six various subject areas as defined below:

**Strategic** – The IA scored this category primarily based on his understanding of high level goals the County wants to strive to achieve. A few examples of a significant strategic impact for the County might include the County's goals for sustainability measures, impact on revenue arising from business decisions, and diversity of the County's workforce population.

**Operational** – The IA scored this category primarily based on customer service aspects the auditable unit provided to County employees and to other County departments. An example of a significant operational unit for the County would be the Department of Employee Services (DES).

**Financial** – The IA scored this category primarily based on the number of funding streams each auditable unit had and the significance of the amount of funds flowing through the unit. An example of a significant financial unit would be Finance.





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**Information Technology (IT)** – The IA scored this category primarily based on the significant amount of information technology (i.e. computers, specialized equipment, etc...) the unit used within its daily processes. Also, the IA looked at how significant a role the unit had in determining what type of information technology was used and how it would be implemented throughout the County. An example of a unit that had a significant impact on information technology would be the Technology Services Department.

**Legal Compliance** – The IA scored this category primarily based on the complexity of legal and regulatory compliance requirements each auditable unit faced. The IA considered HIPAA, ADA, Title VI, grant rules and regulations, etc... in scoring each audit unit for this category. An example of an audit unit with significant and/or complex legal compliance requirements over it would be Health, Housing and Human Services (H3S).

**Customer Service & Reputation** – The IA scored this category primarily based on customer service aspects the auditable unit provided to the public and the potential impact negative publicity for this department could have to the County and the department. An example of a significant customer service unit for the County would be the Department of Transportation and Development (DTD).

*The IA would give a score of either 0 or 1 for each of these six complexity/impact areas per auditable unit. These complexity/impact scores were then used as a “multiplier” score to help assess risk. The total complexity/impact scores were placed in Column B above and used to compute C above, for each unit. The highest risk score possible for Column C, after the risk “multiplier” was considered, was 240 points and the lowest was 10 points.*

**Financial Significance Score**

The IA also assigned a risk score to each auditable unit based on how much revenues the unit processed during fiscal year 2015 (FY15) and how much expenditures the unit incurred during FY15. The primary concept of the risk scoring for this attribute was that as the amount of revenues and/or expenditures increases in a unit, the risk for that unit also directly increases (i.e. impact). The IA used FY15 financial data extracted from the County’s accounting system (PeopleSoft financial reporting system,) to obtain the revenue and expenditure amounts. Revenues and expenditures being processed through the unit for FY15 was used to score the financial risk for the unit using the scoring matrix outlined below:

**Risk Score Matrix for Financial Significance:**

<b>Revenue and Expenditure Total for FY15</b>	<b>Multiply Risk Score in Column C to Calculate Financial Risk Score Placed in Column D</b>
> \$25,000,000	10%
\$25,000,000 to 15,000,001	8%
\$15,000,000 to 6,000,001	6%
\$6,000,000 to 2,000,001	4%
\$2,000,000 to 0	2%



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The highest score an audit unit could obtain from the financial risk scoring here would be 24 points, and the lowest possible score an audit unit could obtain from this scoring would be .2 points. The highest combined risk score possible for Column D, after the Financial Significance “multiplier” was considered, was 264 points and the lowest was 10.2 points.

**Last Time Audited by the IA Score**

The IA also assigned a risk score to each auditable unit based on how much time has elapsed since the IA conducted an Internal Audit or significant consultation review at each of the auditable units. A risk score was added onto each auditable unit using the scoring matrix below based on the length of time that has elapsed from the IA’s last audit of the unit.

<b>Last Time Unit was Audited by Clackamas County Internal Audit</b>	<b>Risk Points Scale</b>
Never Audited by Clackamas County IA	25
Audited over 10 years ago	15
Audited 8 to 10 years ago	9
Audited 5 to 8 years ago	7
Audited 3 to 5 years ago	5
Audited by Clackamas County IA or other External Auditor <sup>10</sup> in 2014	3
Internal Audit conducted during 2015	0

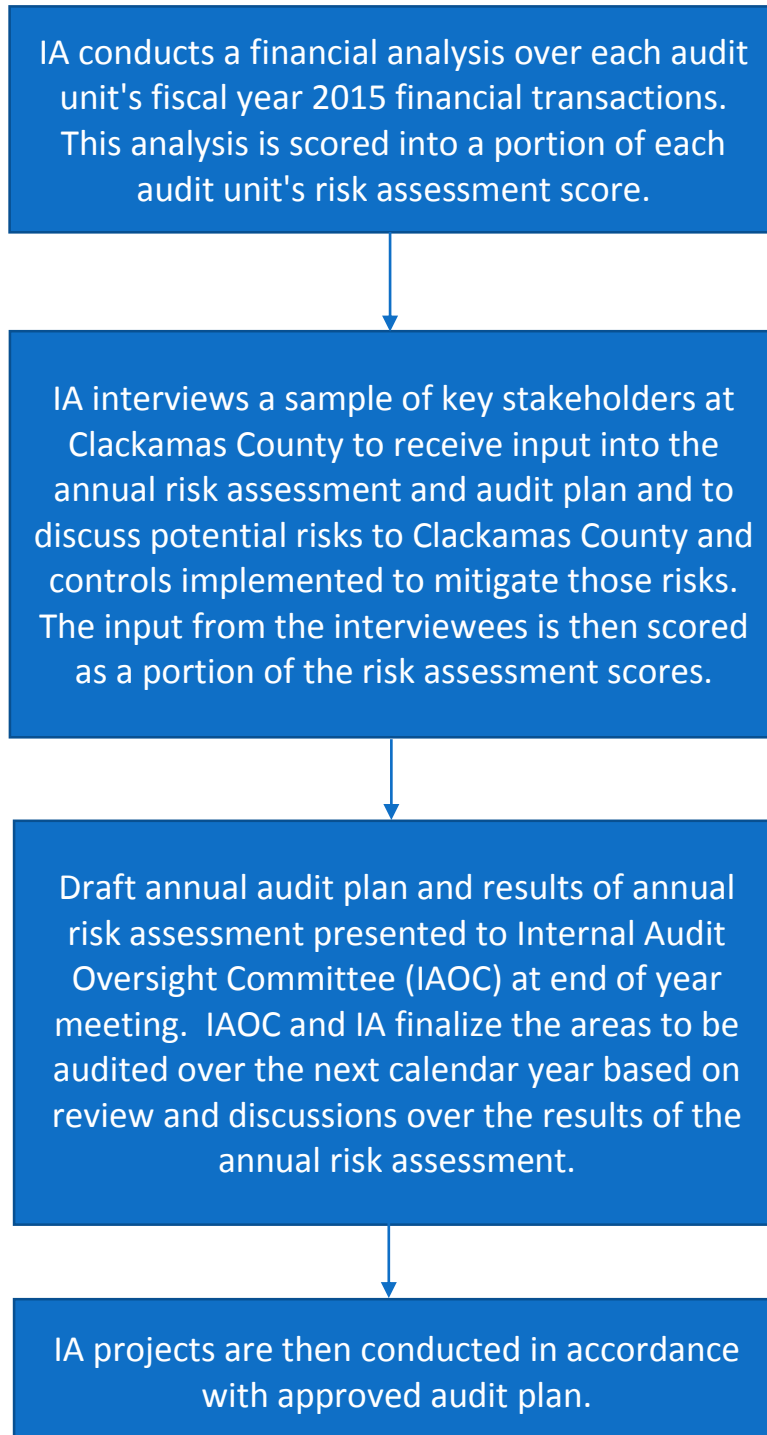
The risk scores from the length of time elapsing since an internal audit has been conducted at the auditable unit was placed in Column E above. The highest combined risk score possible for Column E, after the “Last Time Audited” score was considered, was 289 points and the lowest was 10.2 points.

**Total Risk Score**

To obtain the total risk score for each auditable unit, the IA took the risk score in Column C and added it to the financial risk score calculated in Column D. In addition, the risk score in Column E, based on the last time the unit was audited was added in to get the total risk score placed in Column F above. These risk scores are the scores presented in Exhibit B that were used to sort the various auditable units from high risk (i.e. a large risk score) down to low risk (i.e. a small risk score). The highest total risk score an audit unit could obtain using the risk scoring criteria above would be a score of 289 points, and the lowest score an audit unit could obtain would be a score of 10.2 points. Finally, to help designate high, moderate, and low risk audit units, the IA generally took the highest third of the audit units total risk scores and classified these as high risk units. The next third were classified as moderate risk units, and the bottom third were classified as low risk units.

<sup>10</sup> IA will review the objectives of the external audit and determine if they qualify for this lowered point scale. For example, we would likely not consider an audit if it had a very narrow scope with little depth.

## Internal Audit Plan Approval Process Flowchart



## Auditable Units Summary Descriptions

- 1. Alcohol and Drug Administration; Health, Housing and Human Services (H3S)** – Clackamas County provides alcohol and drug treatment services through a network of providers. Services may be available for individuals who are mandated for treatment as a result of DUII. Services include information and education, as well as treatment for adults and youth with substance abuse issues. Services include: Initial evaluations, referral and assistance to enter residential treatment, as well as follow up care after treatment, office based addictions counseling on an individual basis, groups to help manage symptoms or to increase life skills, medications, referral to community based support groups, collaboration with schools.
- 2. Assessment and Taxation** – Administers State property tax laws, including appraisal, assessment, tax collection and mapping services to property taxpayers and taxing districts.
- 3. Board of County Commissioners** – The Board of County Commissioners (BCC) consists of five commissioners, all of whom are elected by a countywide vote. There exists one elected chair and all commissioners serve a four year term. The BCC serves as the governing body of Clackamas County and has the powers and duties granted to the governing body by law. The BCC sets policies, enacts ordinances and approves budgets to perform County services.
- 4. Business and Economic Development; Business and Community Services (BCS)** – Their mission is to create prosperity by fostering balanced economic development in Clackamas County through a close partnership with government and the private sector.
- 5. Cable Communications** – Cable Communications creates videos about County services, programs, community life, and coverage of public meetings. Through agreements with local cable providers, they operate the Clackamas County Government Channel (CCGC) 24/7. Cable Communications also monitor customer service standards for cable television operations in the unincorporated areas of the County.
- 6. Clackamas County 911 (C-COM)** – C-COM provides 9-1-1 emergency and non-emergency call taking service to the public. C-COM also provides radio dispatch services to six law enforcement agencies and eight fire districts and departments.
- 7. Library District and Library Information Network** – The Library District was formed with the purpose of acting as a fiscal agent in order to distribute property tax revenues raised by the District permanent rate to participating local governments who operate public libraries within Clackamas County. The Library Information Network (LINCC) provides services to the 13 member libraries within the Library District of Clackamas County. Besides sharing County-wide funding, the major cooperative feature of LINCC is that the 12 independent libraries share a single library computer system.



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- 8. Community Development; H3S** – Community Development provides: Low-interest loans to low-income homeowners to pay for critical and needed repairs, no-interest deferred-payment loans to low-income homebuyers for down payment assistance, and small grants to low-income persons with physical disabilities for access and safety improvements.
- 9. Community Solutions** – Community Solutions provides workforce development and business productivity services to the County. Community Solutions serve employers, as well as people seeking employment. Community Solutions also oversees programs that assist low-income homeowners and renters in weatherizing their homes.
- 10. County Administration** – County Administration, through the leadership of the County Administrator, work with the BCC to facilitate service delivery in all County programs. The County Administrator serves as the Chief Administrative Officer of the County and is responsible for implementing the BCC policy directives, facilitating organizational efficiencies, leading with clearly defined expectations for performance accountability and customer service, and using sound fiscal management practices and procedures.
- 11. County Clerk** – The County Clerk is the official keeper of all public records for the County. The County Clerk is responsible for processing all real property transactions, plats, Commissioner’s Journal documents, Board of Property Tax Appeal petitions and orders for the County. The Clerk’s Office must check ballot measures for timeliness and see that the measures are worded to meet legal requirements. They oversee the planning, coordination and conduction of elections. Their subsidiary departments issue passports and marriage licenses.
- 12. County Counsel** – County Counsel provides legal services and representation to all County departments, elected officials, service districts, and employees. They also provide general counsel and advisory legal services countywide, and also represent the County and its agents and employees in Federal, State, and Tax Courts, labor arbitrations, land use and administrative hearings, and in small claims. Generally the duties of County Counsel fall into two broad areas: legal representation and advice.
- 13. County Fair** – The Clackamas County Event Center is home of the County Fair. The Fair Board and Staff’s purpose is to provide a showplace for educational activities, healthful competition, recognition of County youth, displays of better methods and products of agriculture, business, commerce, history and tourism.
- 14. County Surveyor** – They are responsible for: Maintaining the original Government Land Corners established by the Federal Government; maintaining a library of property survey records for the County, and reviewing all surveys for compliance with Oregon Survey filing law; and reviewing and approving plats of all land divisions and property line adjustments in the County.



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- 15. County Treasurer** – The Treasurer maintains bank accounts and accounts with the State Treasury Investment Pool and various banks. Funds are invested in accordance with the County’s Investment Policy, assuring that adequate cash is available to meet the obligations of the County. The Treasurer distributes all property tax collected by the County Assessor, to taxing districts within the County. The Treasurer also participates in the issuance of County debt instruments, makes debt service payments and is responsible for arbitrage reporting.
- 16. Human Resources; Department of Employee Services (DES)** – This program includes: Recruitment and selection, classification and compensation, employee and labor relations, training and development, and human resource information system.
- 17. Development Agency** – This is the urban renewal authority for the County. Their goal is to increase jobs, improve economic vitality, and improve opportunities and capabilities by removing influences that inhibit development or redevelopment. The Development Agency currently administers four urban renewal areas: Clackamas Town Center, Clackamas Industrial, Government Camp and North Clackamas Revitalization.
- 18. District Attorney** – The District Attorney’s Office represents the state in felony prosecutions, misdemeanor prosecutions, grand jury proceedings, mental commitment hearings, child support actions, family abuse prevention hearings, juvenile delinquency and dependency hearings.
- 19. Emergency Management Operation** – They identify hazards; develop emergency and mitigation plans; coordinate response activities and train incident personnel. They work with cities, special districts, community organizations and regional partners. Emergency Management serves as the central coordination point for all homeland security and emergency management activities throughout the County and as primary point of collaboration.
- 20. Facilities Management; Finance** – They provide maintenance and management services to owned and leased facilities housing County departments. Services provided include general maintenance; janitorial and landscape services; maintenance and repair of HVAC, plumbing, electrical, lighting and mechanical systems; fire/safety/code compliance; project management for construction and remodeling; utilities management; and leasing facilities.
- 21. Family Support and Victim Assistance; District Attorney** – The Family Support Office provides services to ensure children and families receive financial support. The Victim Assistance Program is to involve crime victims and the community in a process that helps to diminish the devastating impact of crime.
- 22. Finance** – Finance serves the public and internal customers by providing fiscal information, evaluating financial alternatives and coordinating among departments to meet the County’s public service goals.
- 23. Fleet Services; Finance** – This Division is responsible for the countywide management and administration of all fleet vehicles one ton and under. Fleet activities include purchasing, insurance, maintenance, fuel, tracking, and provision to County users.



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- 24. Forestry; BCS** – There are about 2,800 acres of forest managed utilizing sustainable forest management practices including scheduled timber harvest and reforestation. Revenue is used to support operations of Clackamas County Parks and Forests.
- 25. Geographic Information Systems (GIS); Technology Services** – GIS provides an additional tool to analyze and compare numerous geographic data layers along with traditional databases. GIS also offers an on-line map and information retrieval tool called CMAP.
- 26. Health, Housing and Human Services (H3S)** – H3S consists of eight divisions, dedicated to ensuring healthy families and strong communities in the County. H3S assists individuals, families, and communities in many areas, including: Physical and oral health, mental health services, child and family services, assistance for people with disabilities, public health, aging services, low income and special needs housing, employment training for individuals with barriers, assistance for low-income individuals.
- 27. Justice Court** – The mission of the Justice Court is to promote justice in a fair and impartial forum; establishing public trust and confidence by providing citizens convenient access to justice and utilizing public resources efficiently and in a manner that demonstrates fiscal responsibility, accountability and sustainability. The Justice Court adjudicates violations including traffic, marine, fish and wildlife, tobacco, drug and alcohol, federal weighmaster, and recently adding Tri Met Max Light Rail Violations.
- 28. Juvenile Department** – The Juvenile Department strives to keep communities safe through restorative services for youth offenders, victims and communities. They target interventions in order to hold youth meaningfully accountable and teach them new skills, while at the same time addressing the harm done to victims and the community.
- 29. Law Library** – The Clackamas County Bar Association appoints the Law Library committee which administers the Law Library. The Library is entirely funded by an allocation of court “pass-through” fees and the one Law Library in Clackamas County exists in accordance with Oregon Revised Statute 9.815.
- 30. Medical Examiner; Emergency Management Operation** – The Medical Examiner’s Office investigates deaths in the County as required by state law.
- 31. Parks; BCS** – The purpose is to provide parks, recreation, facilities, and services to residents and visitors so they have access to the health and wellness benefits of exercise, organized activities, and time outdoors, and the economic and community vitality benefits of living in an area with such offerings nearby.
- 32. Property Resources/Surplus Property; BCS** – Property Resource is responsible for the management and disposition of County real properties, tax foreclosed and County-owned nonproductive timber land to the County, Municipalities, Special Districts, and the public so they can receive the value of the assets being repurposed for public benefit or sold to become a private, tax-producing asset.
- 33. Public and Government Affairs (PGA)** – Their mission is to promote communication, cooperation and strong connections between County government and its citizens, the business community and other government agencies to provide information to respond to key issues and increase awareness of opportunities and resources.



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- 34. Purchasing; Finance** – Purchasing provides competitive bidding, contracting and related actions; purchase order processing for non-bid purchasing; and surplus property reclamation and disposal. Purchasing also oversees mail operations and the County Courier.
- 35. Records Management; County Clerk** – Records management performs public records requests, document capture services, records storage operations, and performs information management and passport application processing and passport photo services.
- 36. Resolution Services, Family Court Services** – Resolution Services goal is to help people build conflict resolution skills and reach agreements. The services they provide include mediation, relationship coaching, facilitation, education, and training.
- 37. Benefits; DES** – This division provides comprehensive services related to the administration of the County’s employee benefits program covering both active and retired employees.
- 38. Risk management; DES** – The division provides a complement of services which include casualty (liability), workers compensation and unemployment claims administration. They provide contract insurance requirements review, as well as loss prevention and control services. The County self-insures the majority of their exposures and purchase insurance in those areas where the level of exposure warrants.
- 39. Children, Youth and Families; H3S** – Their mission is to promote wellness and positive outcomes for the children and families in the County by fostering collaboration and community mobilization to plan and implement programs and services to address issues facing these populations.
- 40. Sheriff** – The Sheriff’s mission is to preserve life, uphold the law, prevent crime, hold offenders accountable, and promote safety. The Sheriff’s Office consists of essentially the following units and divisions: Patrol, Investigations, Civil, Jail and Community Corrections.
- 41. System Development Charges; DTD** – System Development Charges are one-time fees assessed to new or expanded developments in unincorporated Clackamas County. The fee, based on the number of vehicle trips a particular land use generates, is set to cover the cost of transportation facilities needed to serve the new or expanded development and the people who will occupy or use the development. System Development Charges for the North Clackamas Park and Recreation District (NCPRD) are one-time fees charged to new developments in the NCPRD district to help pay a portion of the costs associated with building capital facilities to meet needs created by growth.
- 42. Technology Services** – Technology Services provides all levels of technology direction, services and support to the County. It is organized in the program areas of Administrative Services, Application Services, Communication Services, Technical Support Services and Enterprise Resource Planning Services.
- 43. Tourism & Cultural Affairs** – Tourism and Cultural Affairs is charged with developing and administering a comprehensive destination marketing plan to enhance the quality of life for residents by achieving optimal economic benefit from tourism for county businesses, attractions and government. The Tourism program is funded by a countywide 6% transient room tax focused solely on tourism promotion and development that is guided by the Tourism Development Council and a five year Master Plan approved by the BCC.





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- 44. Transportation and Development (DTD)** – Programs and services to maintain, improve and enhance the safety of the County road system, assist residents and businesses in their plans to grow and change, and support safe, enjoyable and livable communities.
- 45. Water Environment Services (WES)** – WES provides wastewater collection and treatment and water quality enhancement services for Clackamas County communities. WES provides sewer & septic, surface water, development and permitting services. WES also provides assistance to the various service districts throughout the County.
- 46. North Clackamas Parks and Recreation District (NCPRD); BCS** – NCPRD is the park service provider for the Cities of Happy Valley, Milwaukie and a small portion of the City of Damascus. NCPRD is managed by a staff of more than 30 with a nine-member volunteer District Advisory Board of citizens throughout the district. The NCPRD Board of Directors is the five-member BCC. As a County service district, NCPRD has its own taxing authority.
- 47. Behavioral Health; H3S** – The County Behavioral Health Division contracts with Health Share of Oregon to manage mental health benefits for Oregon Health Plan enrollees in the County. Behavioral health is also the Community Mental Health Program, overseeing mental health and addictions services for individuals who are uninsured while providing the functions of the Local Mental Health Authority.
- 48. Building Codes and Code Enforcement** – Building codes provides the permitting for the County. Code enforcement supports a safe and healthy community for all residents by working to prevent, detect, investigate, resolve and enforce violations of statutes or ordinances related to public health, safety and welfare, business activities, building standards, land-use and neighborhood livability.
- 49. Diversity, Equity and Inclusion** – Improve customer services and access to opportunity for residents of the County and lay the groundwork for elevating the Diversity and Inclusion program and its manager to the executive level.
- 50. Sustainable Clackamas** – Develop and protect resources at a rate and in a manner enabling people to meet their current needs while ensuring that future generations can meet their own needs. The Sustainability Advisory Committee is responsible for developing the implementation procedures necessary to meet policy objectives.
- 51. Social Services; H3S** – The Social Services Division provides assistance to seniors, people with disabilities, veterans, and low-income residents of the County.