



June 11, 2020

Board of County Commissioners  
Clackamas County

Members of the Board:

First reading of an Ordinance Amending County Code  
Chapter 2.15, County Internal Auditor

<b>Purposes/Outcome</b>	To add Chapter 2.15, County Internal Auditor to Clackamas County Code.
<b>Dollar Amount and Fiscal Impact</b>	No increased cost associated with the addition.
<b>Funding Source</b>	County Internal Auditor position is funded through the County Treasurer budget.
<b>Duration</b>	Indefinite until amended.
<b>Previous Board Action</b>	The County Internal Auditor position was authorized and the County Internal Audit Charter adopted by the Board on April 23, 2015. This matter was presented at the May 12, 2020 Policy Session.
<b>Strategic Plan Alignment</b>	County Internal Audit strives to provide unbiased perspectives, serve as a conduit for conversation, advocate for continuous improvement, and encourage transparent, well-informed decision making. Codifying this County resource demonstrates a commitment to the County's strategic priority of Building Public Trust through Good Government. Risk-based audit engagements are designed to enhance governance, risk management, and control processes supporting the achievement of the Board's strategic goals.
<b>Contact Person</b>	Jodi Cochran, Clackamas County Chief Audit Executive

**Background:**

The County Internal Audit function was established by the Board in 2015, when it authorized the appointment of a County Internal Auditor and approved the Internal Audit charter. County Internal Audit is an independent function designed to add value and help Clackamas County achieve its objective by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.

County Internal Audit independence is enhanced by a dual-reporting structure. The County Internal Auditor, its Chief Audit Executive (CAE), reports administratively to the elected County Treasurer and functionally to the Internal Audit Oversight Committee. This structure encourages direct and unrestricted access to “all things Clackamas County.” It also supports a service environment free from conditions that threaten the CAE’s ability to maintain objectivity.

The value of internal audit services depends on its independence and objectivity. The Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing* require the internal audit function “have freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.” This includes protections in place to safeguard the audit organization. Eight of eight local county/city audit shops have governance established in their county or city code (Multnomah County; Washington County; Metro; City of Portland; Clark County, Wa; Deschutes County; Jackson County; and Lane County).

Clackamas County Internal Audit is not designated in Code. The Internal Audit Oversight Committee approved the proposed language codifying the resource at its May 6, 2020 meeting and recommended the Code amendment be presented to the Board for consideration. This matter was presented at the May 12, 2020 Board Policy Session.

**Recommendation:**

Staff respectfully request the Board hold a public hearing for the first reading of this ordinance and provide any requested changes and then schedule for a second reading on Thursday, June 25, 2020 for adoption of this ordinance.

Respectfully submitted,

Jodi Cochran, CPA, CIA, CRMA  
Clackamas County Chief Audit Executive

ORDINANCE NO. \_\_\_\_\_

**An Ordinance Amending the  
Clackamas County Code by Adding Chapter 2.15, County Internal Auditor**

WHEREAS, the office of the County Internal Auditor is created to provide independent, objective assurance and consulting services designed to add value and improve the county's operations through improved performance and efficacy of government;

Now, therefore, the Board of Commissioners of Clackamas County ordains as follows:

**Section 1:** Chapter 2.15, County Internal Auditor is hereby added to the Clackamas County Code as shown on Exhibit "A", attached hereto and incorporated herein by this reference.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

BOARD OF COUNTY COMMISSIONERS

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary

## Proposed Code Addition – Chapter 2.15, County Internal Auditor

**Chapter 2.15****2.15 COUNTY INTERNAL AUDITOR****2.15.010 Office of County Internal Audit**

The Office of County Internal Audit is created and the person holding that office shall act as the head of internal audit for the County. The office consists of the County Internal Auditor and such subordinate employees as the Board of County Commissioners may provide. It is the policy of Clackamas County to maintain the Office of Internal Audit as a means of providing independent, objective assurance and consulting services designed to add value and improve Clackamas County's operations through improved performance and efficacy of governance, risk management, and control processes.

This code establishes the general authority and responsibility of the Office of County Internal Audit and the Internal Audit Oversight Committee. It supersedes any other Internal Audit charter or code.

**2.15.020 Appointment of County Internal Auditor**

The County Internal Auditor shall be appointed by or dismissed by the County Treasurer in consultation with the County Administrator and the Internal Audit Oversight Committee.

**2.15.030 Qualifications**

The County Internal Auditor shall possess adequate professional proficiency. Preference will be given to those applicants holding at least one of the following designations: Certified Public Accountant, Certified Internal Auditor, or Certified Fraud Examiner.

**2.15.040 Independence**

- A. The County Internal Auditor has neither a management nor a policy role; and no operational authority nor responsibility. Rather the County Internal Auditor provides independent and objective information about County programs and services.
- B. The County Internal Auditor governs the office by adherence to the Institute of Internal Auditor's *International Professional Practices Framework* and its mandatory guidance. The office will be considered independent as defined by that framework and shall remain free of influence by any organizational elements.
- C. The County Internal Auditor reports functionally to the Internal Audit Oversight Committee and administratively to the elected County Treasurer. If the office conducts an audit of an activity for which the County Treasurer is or was responsible, the audit scope will state that the auditors are not organizationally independent with regard to the entity being audited.

**2.15.050 Authority**

- A. The County Internal Auditor 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.

- B. The County Internal Auditor is authorized to perform special reviews and investigate allegations of fraud, waste, abuse, or misuse of County assets and resources.
- C. The County Internal Auditor shall have full, free and unrestricted timely access to all information, records, property, and personnel required to conduct an audit or otherwise perform audit duties, including confidential and legally privileged information and records so long as privilege is not waived as to third parties.
- D. The County Internal Auditor shall have full, free and unrestricted access to all contractually-required financial and performance-related records; and property, equipment and services purchased in whole or in part with County funds, in the custody of County contractors and subcontractors.
- E. The County Internal Auditor has the authority to request reasonable assistance from appropriate County personnel in acquiring requested records, documents and files, as well as inspection and entry privileges to all assets owned, leased, or borrowed by the County.

#### **2.15.060 Confidential Information**

The County Internal Auditor shall not disclose confidential or legally privileged information and records to the extent allowed by law. The County Internal Auditor shall maintain the confidentiality of information submitted in confidence and the identity of the provider of such information to the extent allowed by law, except as the County Internal Auditor deems necessary to discharge the Auditor's duties or as directed by the appropriate legal authority pursuant to a public records request or by a court of competent jurisdiction.

#### **2.15.070 Duties**

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

- A. Develops and implements policies and procedures for the Office of Internal Audit in compliance with the Institute of Internal Auditor's International Professional Practices Framework and its mandatory guidance.
- B. Delivers assurance and consulting services to the Board of County Commissioners and County Administrator, including financial and performance audits 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.
- C. Advises the Board of County Commissioners, County Administrator, and County departments on the continuous improvement of County governance, risk management, and control processes.
- D. Makes recommendations to the Board of County Commissioners, County Administrator, and County departments to enhance the security of county assets, accuracy and reliability of financial and operational information, compliance with legal and regulatory requirements, quality of county services and programs, and the results achieved through the use of tax dollars and other public resources.

**Proposed Code Addition – Chapter 2.15, County Internal Auditor**

- E.** Provides final audit reports to the public, Board of County Commissioners, County Administrator, and County departments, as allowed by public records law.
- F.** Selects, appoints, directs, supervises, disciplines and dismisses all Office of Internal Audit staff consistent with County policies and procedures.

**2.15.080 Internal Audit Oversight Committee**

- A.** The Internal Audit Oversight Committee objectives are to ensure the Office of Internal Audit is independent and to promote the effectiveness and integrity of the office.
- B.** The Internal Audit Oversight Committee shall be comprised of seven members, as follows:
  - a.** Chair of the Board of County Commissioners,
  - b.** Vice Chair of the Board of County Commissioners,
  - c.** County Counsel,
  - d.** County Administrator, and
  - e.** Three members of the community appointed by the County Treasurer from a list of nominees submitted by the County Internal Auditor, for a term of twenty-four (24) months.
  - f.** The County Treasurer may serve as a non-voting member.
- C.** The Internal Audit Oversight Committee shall perform functions necessary to meet its objectives. Such duties include but are not limited to:
  - a.** Approves the Office of County Internal Audit charter and recommends charter for Board of County Commissioners adoption.
  - b.** Recommends internal audit priorities to the County Internal Auditor and approves risk-based audit plan and associated resource allocations.
  - c.** Reviews and analyzes all audit reports.
  - d.** Evaluates management’s responses to audit recommendations and noted opportunities for improvement.
  - e.** Ensures no unreasonable restrictions are placed on the County Internal Auditor.
  - f.** Facilitates transparent communication between County Internal Auditor, County Administrator, and Board of County Commissioners.
  - g.** Adopt bylaws to allow the Internal Audit Oversight Committee to perform its necessary functions in an open, orderly, and transparent manner.



Elizabeth Comfort  
Finance Director, Interim

**Department of Finance**

Public Services Building

2051 Kaen Road, Suite 490 | Oregon City, OR 97045

June 11, 2020

Board of County Commissioners  
Clackamas County

Members of the Board:

Approval of a Resolution for a Clackamas County Extension & 4-H Service District  
Supplemental Budget (Greater Than Ten Percent and Budget Reduction) for Fiscal Year 2019-  
2020

Purpose/Outcome	Supplemental budget change FY 2019-2020
Dollar Amount and Fiscal Impact	The effect is a neutral change in appropriations
Funding Source	Not applicable
Duration	July 1, 2019-June 30, 2020
Previous Board Action/Review	Budget Adopted June 27, 2019
Strategic Plan Alignment	Build public trust through good government
Contact Person	Elizabeth Comfort, 503-742-5405

**BACKGROUND:**

Each fiscal year it is necessary to reduce allocations or allocate additional sources of revenue and appropriate additional expenditures to more accurately meet the changing requirements of the operating departments. The attached resolution reflects such changes requested by departments in keeping with a legally accurate budget. These changes are in compliance with Oregon Local Budget Law ORS 294.473 which allows for governing body approval of supplemental budget changes for items ten percent or greater of the qualifying expenditures of the budget funds(s) being adjusted. The required notices have been published.

The Clackamas County Extension & 4-H Service District is transferring from special payments to fee expense for costs associated with Treasury investment service fee cost.

The effect of this Resolution is a neutral change in appropriations.

**RECOMMENDATION:**

Staff respectfully recommends adoption of the attached Resolution Order and Exhibit A in keeping with a legally accurate budget.

Sincerely,

Elizabeth Comfort, Interim Finance Director

**BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF CLACKAMAS COUNTY, STATE OF OREGON**

In the Matter of Providing  
Authorization Regarding Adoption of a  
Supplemental Budget for items  
Greater Than 10 Percent of the Total  
Qualifying Expenditures and Making  
to Appropriations for Fiscal 2019-20



Resolution Order No. \_\_\_\_\_

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WHEREAS, during the fiscal year changes in appropriated expenditures may become necessary and appropriations may need to be increased, decreased or transferred from one appropriation category to another;

WHEREAS, a supplemental budget for the period of July 1, 2019 through June 30, 2020, inclusive, has been prepared, published and submitted to the taxpayers as provided by statute;

WHEREAS; a hearing to discuss the supplemental budget was held before the Board of County Commissioners on June 11, 2020.

WHEREAS; the funds being adjusted are:

. Clackamas County Extension & 4-H Service District Fund;

It further appearing that it is in the best interest of the County to approve this greater than 10 percent change in appropriations for the period of July 1, 2019 through June 30, 2020.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS THAT:

Pursuant to its authority under OR 294.473, the supplemental budget be adopted and appropriations established as shown in the attached Exhibit A which by this reference is made a part of this Resolution.

**DATED** this 11th day of June 2020

**BOARD OF COUNTY COMMISSIONERS**

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary



**SUMMARY OF SUPPLEMENTAL BUDGET**  
**Exhibit A**  
**CHANGES OF GREATER THAN 10% OF BUDGET**  
**June 11, 2020**

**CLACKAMAS COUNTY EXTENSION & 4-H SERVICE DISTRICT**

Expenses:		
Materials and Services	\$	5,000
Special Payments		(5,000)
Total Expenditures	<u>\$</u>	<u>-</u>

Clackamas County Extension & 4-H Service District is transferring from special payments to fee expense for costs associated with Treasury investment service fee cost.