

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, October 5, 2022

Item #1
Draft June 8, 2022, Meeting Minutes



MEETING MINUTES

Internal Audit Oversight Committee

Wednesday, June 8, 2022
2:00 p.m. to 3:00 p.m.

Virtual meeting

- | | | | | | | |
|--|---|--|--|--|---|---|
| <input checked="" type="checkbox"/> Minh Dan Vuong, IAOC Chair, Community Member | <input checked="" type="checkbox"/> Stephanie Gallegos, Community Member | <input checked="" type="checkbox"/> Jeff Gibbs, Community Member | <input checked="" type="checkbox"/> Tootie Smith, Chair of Board of County Commissioners | <input checked="" type="checkbox"/> Martha Schrader, Vice-chair of Board of County Commissioners | <input checked="" type="checkbox"/> Gary Schmidt, County Administrator | <input checked="" type="checkbox"/> Stephen Madkour, County Counsel |
| <input checked="" type="checkbox"/> Brian Nava, County Treasurer (non-voting) | <input checked="" type="checkbox"/> Jodi Cochran, County Internal Auditor | <input checked="" type="checkbox"/> Kathy Yeung, Senior Internal Auditor | <input checked="" type="checkbox"/> Scott Anderson, Video Production Coordinator, PGA | <input checked="" type="checkbox"/> Elizabeth Comfort, Finance Director | <input checked="" type="checkbox"/> Ed Johnson, Deputy Finance Director | <input checked="" type="checkbox"/> Ryan Rice, Procurement Manager |

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/ Assignments
Welcome and Introductions	Chair Minh Dan Vuong	<p>Chair Minh Dan Vuong opened the meeting and welcomed the Internal Audit Oversight Committee members. Members introduced themselves. Jodi Cochran, County Internal Auditor, performed the roll call.</p> <p>It was announced: "Today's meeting is a public meeting and is accessible via ZOOM to any member of the community who would like to observe. We will not</p>	None

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/ Assignments
		<p>be taking public comment during the meeting. Emailed comments are welcome at OCIA@Clackamas.us. All comments received will be provided to Committee members."</p> <p>Chair Vuong welcomed Jeff Gibbs as the new community member. Jeff introduced himself to the committee.</p>	
April 7, 2022, meeting minutes	Chair Minh Dan Vuong	<p>The draft April 7, 2022, Internal Audit Oversight Committee meeting minutes were presented.</p> <p>Jeff Gibbs moved to adopt the April 7, 2022, draft minutes as written. Commissioner Tootie Smith, the Board of County Commissioners Chair, seconded the motion. The motion was approved unanimously by voice vote.</p>	April 7, 2022, minutes approved as written.
Contract Administration Audit	<p>Kathy Yeung, Senior Internal Auditor</p> <p>Elizabeth Comfort, Finance Director</p> <p>Ed Johnson, Finance Deputy Director</p> <p>Ryan Rice, Procurement Manager</p>	<p>Kathy Yeung, Senior Internal Auditor, presented the contract administration audit, highlighting why the audit is important, what was found, what is being recommended, and what is being done.</p> <p>Chair Vuong provided Elizabeth Comfort, Finance Director, and Gary Schmidt, County Administrator the opportunity to comment prior to opening it up for questions. Elizabeth highlighted that all recommendations were topics her team noted as well prior to the review. All three recommendations have been accepted, and she appreciated the Office of County Internal Audit's support. Gary also thanked the Office of County Internal Audit and expressed support for implementing the recommendations.</p> <p>The Internal Audit Oversight Committee members and guests discussed the engagement results and recommendations.</p> <p>Chair Vuong asked the Finance team to discuss their experience with the Office through this engagement. Elizabeth commented the process went well. The Office of County Internal Audit was able to learn the responsibilities, control points, and processes in Finance and in the departments. Elizabeth indicated the report highlights current Finance outreach and training activities.</p>	Informational – Audit results will inform future risk assessments and audit planning

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/ Assignments
		Chair Vuong thanked Elizabeth and the Finance staff for responding to and supporting the audit and expressed appreciation for the collaborative work between the Office of County Internal Audit and the auditee. He noted the resulting report was insightful, fair, had clear graphics, and was very informative.	
Office of County Internal Audit Charter and Internal Audit Oversight Committee Charter Reviews	Jodi Cochran, County Internal Auditor	<p>Jodi presented both red-lined and clean copies of the Office of County Internal Audit and Internal Audit Oversight Committee charters. She provided background information about the County Code, 2.15 Office of County Internal Audit, and the Institute of Internal Auditors' International Professional Practices Framework. Both charters are designed to meet professional standards and to support the implementation of these over-arching governing documents.</p> <p>Jodi reaffirmed the Office's independence and professional objectivity. During the past year, there were no instances of pressure that would obstruct the Office from performing duties as professional standards have defined, no real or potential conflicts of interest identified, and Jodi and Kathy have completed the required education to maintain professional certifications.</p> <p>Recommended changes have been made to the charter as indicated on the red-lined copy. The Committee discussed the addition of a defined quorum. Members also discussed the process supporting the County Internal Auditor's performance evaluation, an administrative responsibility of the County Treasurer.</p> <p>Commissioner Tootie Smith moved to make changes to the charters as presented. Stephen Madkour seconded the motion. By a show of hands raised, six members voted in favor of the motion and one member was absent from the vote. The motion was approved.</p> <p>Jeff Gibbs moved to add a continued discussion addressing the County Internal Auditor's performance evaluation process to the next Committee meeting agenda. Martha Schrader, BCC Vice-Chair seconded the motion. By voice vote,</p>	<p>Office of County Internal Audit Charter and Internal Audit Oversight Committee Charter approved as written.</p> <p>Discussion of the County Internal Auditor performance evaluation process will be included in the next Committee meeting agenda.</p>

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/ Assignments
		five members voted in favor for the motion, one member voted not in favor, and one member was absent from the vote. The motion was approved.	
2022 Audit Plan & Quality Assurance Improvement Program status updates	Jodi Cochran, County Internal Auditor	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. The 2022 Audit Plan Q3 and the Quality Assurance and Improvement Program Q3 Status reports were provided. Jodi noted no significant issues to report.	Informational
Meeting schedule	Chair Minh Dan Vuong	Due to timing constraints, no further conversation regarding the meeting schedule was discussed.	
Round Table	All	No additional comments made.	
Meeting adjournment	Chair Minh Dan Vuong	With no additional comments from the Committee, the meeting adjourned at 3:00 p.m.	
		Next scheduled meetings: Wednesday, September 14, 2022 2:00 p.m. to 3:00 p.m. Location: TBD <i>Note: Subsequently rescheduled to Wednesday, October 5, 2022</i>	Submitted by: Kathy Yeung

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Item #2
North Clackamas Parks and Recreation District Report
Presentation 10-5-2022



North Clackamas Parks and Recreation District: *Governance Structure and Impact*

A report by the Office of County Internal Audit

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Why the Engagement is Important

The North Clackamas Parks and Recreation District is a legally separate entity, formed by voter approval in 1990.

- ▶ Special districts and service districts are
 - ▶ subject to Oregon's Public Records and Public Meetings Laws.
 - ▶ subject to Local Contract Review Board Rules.
- ▶ The five Clackamas County commissioners collectively serve as the North Clackamas Parks and Recreation District Board.
- ▶ The North Clackamas Parks and Recreation District Board is one of nine unique County district boards comprised of County commissioners.



What We Found

Until recently, there has been a lack of distinct processes and clarity between the separate governing roles of the Board of County Commissioners and the governing bodies of associated Clackamas County districts.



- ▶ What is working
 - ▶ Public notice procedures and standards ensure public meetings of separate entities are announced and documented.
 - ▶ Meeting procedures and standards ensure the governing bodies of separate entities are convened.
- ▶ What is creating barriers
 - ▶ District Board public meetings data (public notices, agendas, material packets) are not separately communicated and must be accessed through time-consuming review of county documents.
 - ▶ Contractual and intergovernmental agreement documentation practices lack consistency and clarity in signatory pages.

What We Recommend

Continue to clarify and enhance awareness and accommodation of the unique governing roles served by the Clackamas County Commissioners.



► **Corrective Actions**

- Ratify contracts approved by the County on behalf of the District.
- Establish an intergovernmental agreement between the County and the District to reflect current financial relationships.

► **Continuous Improvement Opportunities**

- Maintain recently established procedures clearly identifying and supporting separate legal entities.
- Enhance internet access to District Board public meetings data.
- Enhance financial controls over intergovernmental agreements and other contractual forms.

What is Being Done

District management has agreed with all recommendations. Response efforts are complete or underway.



- ▶ Implementation and monitoring
 - ▶ Annual review and reporting
 - ▶ Target performance goal = within 2 years
- ▶ Broader impact for all County districts
 - Board of Health
 - Development Agency
 - Extension and 4-H Service District
 - Water Environment Services
 - Enhanced Law Enforcement District
 - Housing Authority
 - Library Service District
 - North Clackamas Parks and Recreation District
 - Service District #5 (Street Lighting)

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Item #3
2022 Audit Plan – Q3 Status



2022 Audit Plan

Assurance & Advisory Engagements – Q3 Status update
October 5, 2022

Engagements	Status	Hours – Budget/Actual Estimates	Notes
Finance - Contract administration	Complete	440* 457	Report issued May 26, 2022. Management agreed with 3/3 recommendations offered. *Total engagement budget – Engagement started in 2021 (320 hours) to be completed in 2022 (120 hours).
NCPRD Governance	Complete	200* 211	Advisory engagement requested by management; Management Letter dated June 30, 2022; Management agreed with 10/10 recommendations offered. *Engagement hours (200) budgeted within Management Requests budget of 320 hours in total.
H3S Social Services – Emergency Rental Assistance Program	In progress	420 154	Survey work completed; Engagement Letter issued June 14, 2022; Fieldwork in progress; Target report date – January 2023
Equity & Inclusion Office – ADA & Civil Rights Program	In progress	320 21	Survey work completed; Engagement Letter target date - September 2022; Fieldwork in progress; Target report date – February 2023
TS – Information Security Program Maturity	In progress	320 20	Survey work completed; Engagement Letter target date - September 2022; Fieldwork in progress; Target report date – February 2023
BCS Economic Development – ARPA Small Business Recovery Assistance Program	Paused	320 80	Survey work completed; Engagement Letter issued May 02, 2022; Fieldwork paused due to cancelation of program; Board considering alternatives uses of ARPA funds; Final engagement decision to be determined during 2023 Audit Planning process.
H3S Health Centers – Service delivery and transactions	Not yet started	420 0	
2022 Annual risk assessment	Not yet started	200 0	Risk assessment activity scheduled for October/November 2022. Initial results to be reviewed at IAOC November 9, 2022, meeting.
2022 Audit monitoring	Not yet started	80 29	Monitoring activity scheduled for November 2022; Target report date – December 2022

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Item #4

2022 Quality Assurance and Improvement Plan – Q3 Status



2022 Quality Assurance and Improvement Program

Q3 - Status update
October 5, 2022

QAIP Goals & Activity	Status	Notes
County Code	Complete	County Ordinance #05-2020 - September 23, 2020
IAOC Handbook*	Complete	IAOC onboarding tool; updated May 2022
OCIA Webpage – Public internet	Complete	Review and maintenance ongoing
Post-engagement customer survey*	Complete	Post-engagement survey process fully implemented and incorporated into ongoing activity.
Hotline governance	Complete	Annual summary reports published; Governance and control processes being reviewed and revised to reflect new structure adopted in 2021.
OCIA Charter	Complete	Next annual review – Target June 2023
IAOC Charter	Complete	Next annual review – Target June 2023
IAOC Composition	Complete	Composition includes community membership – First two-year term ending for two members in January 2023.
OCIA Classification Series and Resources	In progress	Outstanding Senior Internal Auditor joined the team in July 2021! Development of County Internal Audit professional classification series continuing; Alignment with industry standards and Oregon market; Target completion December 2022.
OCIA Policy and procedure manual*	Not yet started	MFR target – 2021; To be addressed in 2022/2023
OCIA Webpage – Intranet	Not yet started	
External Quality Assessment Review - Peer review*	Not yet started	Contract Target 2023

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

Standard	Summary of Requirement	Q1	Q2	Q3	Q4
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> .		√		
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.		√		
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.		√		
IPPF 1110	The CAE confirms to the IAOC annually the organizational independence of the Office of County Internal Audit.		√		
IPPF 1111	The CAE communicates and interacts directly with the Board – providing annual activity updates.				
IPPF 1130.A1&A2	The CAE confirms to the IAOC annually the objectivity of the Office of County Internal Audit staff.		√		
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.			√	
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.				
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.				
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 – issuing an annual assessment report.				

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