



Internal Audit Oversight Committee FAQ - 2021

Office of County Internal Audit

What is the Internal Audit Oversight Committee (IAOC)?

A collective membership that provides support and oversight of the county's system of governance and internal controls through the independence, effectiveness, and integrity of the Office of County Internal Audit.

It is the IAOC's vision that internal audit assurance and consulting 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.

Why does the County have an internal audit function and the IAOC?

Clackamas County Code Chapter 2.15: County Internal Auditor establishes that "it is the policy of Clackamas County to maintain the Office of County 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."

What are its roles and responsibilities?



The IAOC provides shared support and oversight of the Office of County Internal Audit. The County Internal Auditor reports functionally to the IAOC and administratively to the elected County Treasurer.

The IAOC is comprised of seven members – BCC Chair, BCC Vice-Chair, County Counsel, County Administrator, and three members of the community appointed by the County Treasurer for a term of 24 months.

The IAOC adopts a charter and bylaws which describe the committee's purpose, authority, and responsibilities.

How often does the IAOC meet?



The IAOC meets at least quarterly. All meetings comply with Oregon Public Meeting Law requirements. Meetings are announced via the [IAOC public website](#).

What does the IAOC review?



- ✓ IAOC charter and bylaws
- ✓ Office of County Internal Audit charter
- ✓ Annual risk assessment
- ✓ Office of County Internal Audit audit plan
- ✓ Audit reports (both internal and external)
- ✓ Management's response to audit recommendations
- ✓ Quality Assurance and Improvement Program
- ✓ External Quality Assurance Reviews of internal audit function

What is the difference between the IAOC and the County's Audit Committee?



The IAOC was established in 2015 with the creation of the County Internal Audit function. The IAOC supports the county through the Office of County Internal Audit and the Office's broad scope of assurance and consulting services addressing the county's governance, risk management and control processes.



The County's Audit Committee was established in 2008 to support the county's financial reporting processes and internal controls. The Audit Committee meets with management and the independent, external financial auditors. The committee assists the county's Finance department in planning and reviewing the results of the required annual financial audit.

Definitions¹

Assurance Services: An objective examination of evidence for the purpose of providing an independent assessment of county governance, risk management, or control processes. Examples may include financial, performance, compliance, and system security engagements.

Charter: The internal audit charter is a formal document that defines the Office of County Internal Audit's purpose, authority, and responsibility. The internal audit charter reflects the County Code and establishes the Office's position with the county; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Chief Audit Executive: The senior position responsible for effectively managing the Office of County Internal Audit according with the internal audit charter and the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework. The chief audit executive or others reporting to the chief audit executive will have appropriate professional certifications and qualifications.

Consulting Services: Impartial examinations that are advisory and may include other services, such as counsel, advice, facilitation, training, and participation in standing or temporary management committees or project teams. The objective of consulting engagements is to add value in the development or modification of county processes, policies, procedures and controls to minimize risk and achieve organizational objectives.

Control Processes: The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level that the county is willing to accept.

Engagement: A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

Governance: The combination of processes and structures designed by the Board of County Commissioners and implemented by County Administration to inform, direct, manage, and monitor the activities of the county toward the achievement of its objectives.

Independence: The freedom from conditions that threaten the ability of the Office of County Internal Audit to carry out internal audit responsibilities in an unbiased manner.

Objectivity: An unbiased mental attitude that allows internal auditors to perform engagements so that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgement on audit matters to others.

Office of County Internal Audit: A division of the County Treasurer's Office which provides independent, objective assurance and consulting services designed to add value and improve the county's operations. The Office helps the county accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Risk: The possibility that an event will occur and have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood. An identified high risk does not mean an activity is being managed ineffectively or internal controls are inadequate. It merely indicates the services that are being provided are, by nature, high priority activities with high impact or likelihood potential.

Risk Assessment: The identification and analysis of relevant risks to the achievement of the county's objectives, forming the basis for determining how the risks should be managed. Additionally, the allocation of limited internal audit resources is informed by the risk assessment results.

Tone at the Top: The attitude of integrity and control consciousness, as exhibited by the most senior leaders and executives of the county.

¹ The Institute of Internal Auditors, 2017 Standards and Guidance, modified to reflect organization