

Clackamas County  
Internal Audit Oversight Committee  
Meeting Materials  
Wednesday, March 08, 2023

Item #1  
Draft January 11, 2023, Meeting Minutes



## MEETING MINUTES

### Internal Audit Oversight Committee

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

Virtual meeting

- |  |   |  |  |   |  |   |
|--|---|--|--|---|--|---|
| <input checked="" type="checkbox"/> Minh Dan Vuong, IAOC Chair, Community Member | <input 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 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    |   |  |   |

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 that the meeting is a public meeting and is accessible via ZOOM to any member of the community who would like to observe. Public</p>	<b>None</b>

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/ Assignments
		<p>comment will not be taken during the meeting but can be emailed to <a href="mailto:OCIA@Clackamas.us">OCIA@Clackamas.us</a>.</p> <p>Chair Vuong stated the purpose of the meeting, clarified committee member roles, reiterated that no emails and comments will be shared at the meeting, and previewed the meeting agenda. Stephanie Gallegos and Commissioner Martha Schrader were thanked for their service as their terms have concluded.</p>	
October 5, 2022, meeting minutes	Chair Minh Dan Vuong	<p>The draft October 5, 2022, Internal Audit Oversight Committee meeting minutes were presented.</p> <p>Commissioner Tootie Smith, the Board of County Commissioners Chair, moved to adopt the October 5, 2022, draft minutes as written. Gary Schmidt seconded the motion. The motion was approved unanimously by voice vote.</p>	<b>October 5, 2022, minutes approved as written.</b>
2022 Audit Plan status updates	Jodi Cochran, County Internal Auditor	Jodi Cochran presented the Audit Plan status updates, highlighting current and upcoming projects.	<b>Informational</b>
Active engagements overview	<p>Jodi Cochran, County Internal Auditor</p> <p>Kathy Yeung, Senior Internal Auditor</p>	<p>Jodi Cochran and Kathy Yeung jointly presented the active engagements overview. The presentation highlighted the purpose, scope, expectations, target report issuance and overall status updates of three engagements:</p> <ul style="list-style-type: none"> <li>✓ Emergency Rental Assistance Program</li> <li>✓ Information Security Program</li> <li>✓ Civil Rights Program</li> </ul>	<b>Informational</b>
Quality Assurance Improvement Program (QAIP)	Jodi Cochran, County Internal Auditor	<p>The Quality Assurance and Improvement Program Status report was provided. Routine review of the report at the committee meeting is based on availability of time and is typically at a high level.</p> <p>The quarterly report details progress towards achieving specific County Internal Audit strategies and goals. Additionally, the Quality Assurance and Improvement</p>	<b>Informational</b>

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/ Assignments
		Program report serves as a method of addressing specific Standards and ensuring accountability.	
Strategic cycle and quarterly meeting schedule	Jodi Cochran, County Internal Auditor	Jodi discussed the change in audit plan cycle, which will shift from a fiscal year cycle to a calendar year cycle to align with the County's performance measurement cycle and budget cycle. Expectations for the upcoming March and June meetings were discussed. In March, the Committee will review the results of the risk assessment and the annual audit recommendation monitoring process. A request for approval of the 2023-2024 audit plan is anticipated in June.	<b>Informational</b>
Round Table	All	Committee members provided general comments and feedback.	
Meeting adjournment	Chair Minh Dan Vuong	With no additional comments from the Committee, the meeting adjourned at 2:51 p.m.	
		Next scheduled meetings:  Wednesday, March 8, 2023 2:00 p.m. to 3:00 p.m. Location: TBD	Submitted by: Kathy Yeung

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Item #2  
2022 Audit Plan – 3.08.2023 Status Update



## 2022 Audit Plan

Assurance & Advisory Engagements – Status update  
March 8, 2023

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.
2022 Annual risk assessment	Complete	200   80	Risk assessment complete. Results reviewed March 8, 2023.
2022 Audit monitoring	Complete	80   80	Monitoring activity complete; Results reviewed March 8, 2023; Target report date – March 2023
H3S Social Services Division– Emergency Rental Assistance Program	In progress	420   495	Survey work completed; Engagement Letter issued June 14, 2022; Fieldwork complete; Mid-engagement Management Letter issued November 9, 2022; Exit conference March 7, 2023; Target report date – March 2023
TS – Information Security Program Maturity	In progress	320   210	Survey work completed; Engagement Letter issued November 08, 2022; Fieldwork complete; Target report date – March 2023
Equity & Inclusion Office – ADA & Civil Rights Program	In progress	320   70	Survey work completed; Engagement Letter issued January 5, 2023; Fieldwork in progress; Target report date – May 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	

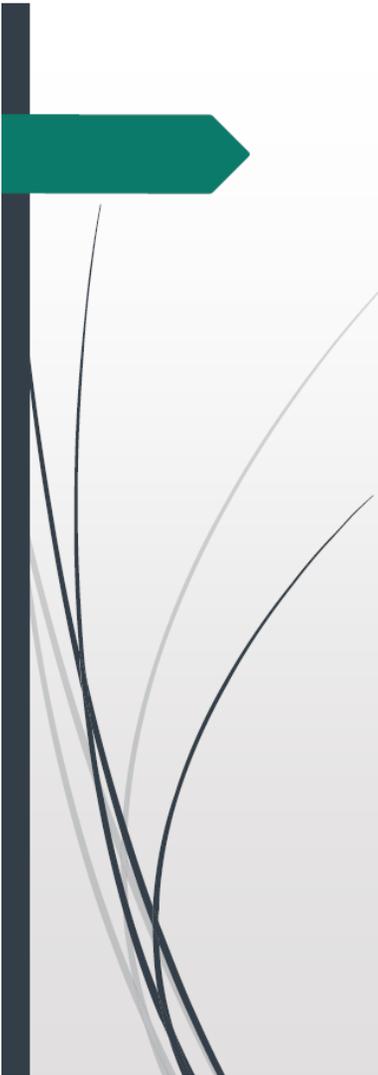
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Item #3  
2022 Risk Assessment 101 & 2022 Results Presentation



# Clackamas County Risk Assessment

Facilitated by the Office of County Internal Audit



## Why conduct a risk assessment?

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Professional standards require the Office of County Internal Audit to establish a systematic, risk-based approach to determine the priorities for internal audit activities.

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- To identify, analyze and evaluate potential risks to the county's ability to achieve its objectives
- To provide insight to county leadership and inform its decision-making processes
- To develop a county risk culture and support a One County approach to resource allocation
- To aide in the allocation of the Office of County Internal Audit limited resources



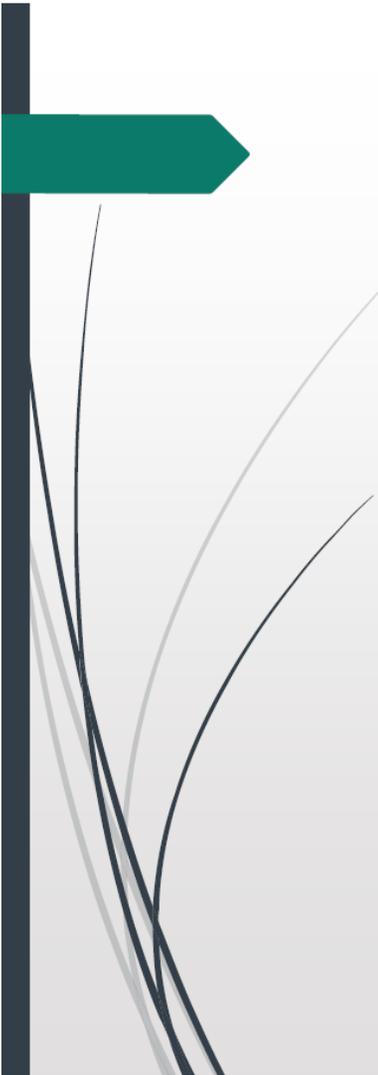
## How do we conduct a risk assessment?

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A risk is the potential of an event happening that could impact the county's ability to achieve its objectives.

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- The Office of County Internal Audit establishes a risk assessment methodology based on industry standards and best practices.
- The County assesses departments and offices by Line of Business.
- Risk criteria are defined and used in determining an overall risk score for each Line of Business
- Results are sorted to identify those Lines of Business with the highest risk scores; Moderate and low risks are monitored and incorporated into future assessments



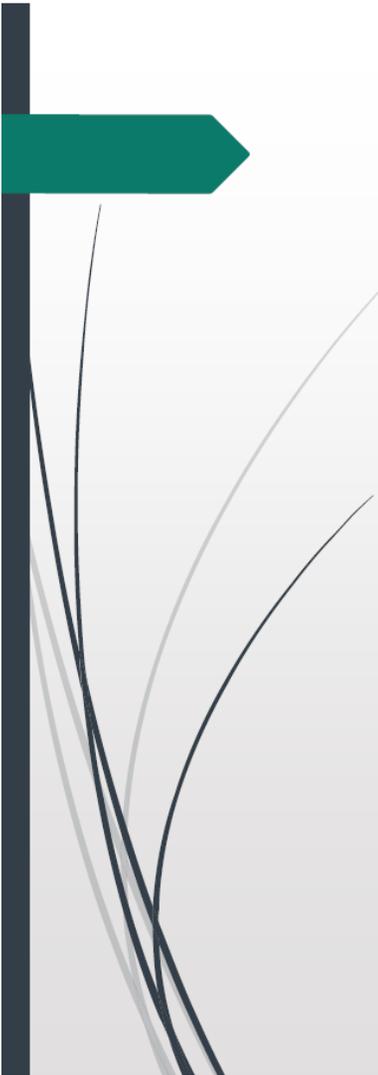
## What is the risk assessment methodology?

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Success is dependent on broad engagement with the risk assessment process and strategic consideration of the results

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- Survey – Input from key stakeholders via interviews; Twelve evaluation areas scored, including number of risk claims, Good Government Hotline reports and HR complaints.
- Complexity – Evaluation of the complexity of processes overseen by the unit; 6 evaluation areas scored
- Financial Impact – Calculation of the value of expenditure and revenue transactions
- Audit Frequency – Recognition of past internal audits and lapse of time between audits
- Strategic Impact – Recognition of formal participation in Board of Commissioners' Strategic Initiative implementation processes



## What does a high-risk score mean?

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A high-risk score does **NOT** mean a Line of Business is being managed ineffectively or internal controls are inadequate.

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- A general indication that if something were to go wrong it could have a significant impact
- An indication that the services or functions a Line of Business is responsible for are, by nature, high priority activities with high-risk potential because of factors such as a large amount, or high degree, of:
  - reported revenues or expenditures.
  - Available liquid or sensitive assets, such as cash, technology or protected data.
  - potential risks identified by management.
  - public interest.



## What happens after the risk assessment?

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Success is dependent on broad engagement with the risk assessment process and strategic consideration of the results

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- Identified potential risks to the county's ability to achieve its objectives are presented to county leadership
- County leadership decision-making processes are informed by additional data points
- Continued focus on a county risk culture and support of a One County approach to resource allocation
- Allocation of the Office of County Internal Audit limited resources is made through the Internal Audit Oversight Committee approval of the Audit Plan

# What are the 2022 risk assessment scored results?

A high-risk score does **NOT** mean a Line of Business is being managed ineffectively or internal controls are inadequate.

Dept Name	Program Name	Total Risk Rating	Risk Category	Trend	Potential Audit Topics 2023
Sheriff's Office (CCSO)	Public Safety	666.20	High	–	Tier 1
Sheriff's Office (CCSO)	Law Enforcement	666.20	High	–	
Technology Services (TS)	Administration	563.60	High	–	
County Administration	County Administration Line of Business	510.90	High	–	Tier 1
Health, Housing & Human Services (HHS)	HHS Administration	510.20	High	–	
Transportation & Development (DTD)	Transportation	509.00	High	–	
Health, Housing & Human Services (HHS)	HACC	501.84	High	↑	Tier 3
Health, Housing & Human Services (HHS)	Public Health	500.20	High	–	Tier 3
Health, Housing & Human Services (HHS)	Health Centers	500.20	High	–	Tier 2
Health, Housing & Human Services (HHS)	Behavioral Health Division	500.20	High	–	Tier 3
Health, Housing & Human Services (HHS)	Children, Family & Community Connections	491.58	High	–	
Sheriff's Office (CCSO)	Sheriff Operating Levy	478.20	High	–	Tier 2
Health, Housing & Human Services (HHS)	Social Services	475.20	High	–	
Water Environment Services (WES)	WES Payroll - Pass through	475.00	High	–	Tier 3
Finance	Financial Executive Support	453.00	High	↑	
District Attorney (DA)	District Attorney's Office	451.00	High	↑	
Business & Community Services (BCS)	County Parks & Golf	449.00	High	–	Tier 2
Finance	Facilities Management	443.00	High	–	Tier 1
County Clerk	Clerk's Office	441.84	High	↑	Tier 1
Business & Community Services (BCS)	BCS Administration	415.40	High	↑	Tier 1
Sheriff's Office (CCSO)	Administration	414.20	High	–	
Community Corrections	Reintegration	403.00	High	–	
Community Corrections	Coordination	398.00	High	–	Tier 1
Transportation & Development (DTD)	DTD Administration	384.20	High	–	
Human Resources (HR)	Risk & Safety Management	378.38	Moderate	–	
Transportation & Development (DTD)	Fleet Services	374.80	Moderate	↓	Tier 3
Transportation & Development (DTD)	Livable Communities	374.80	Moderate	↓	
Transportation & Development (DTD)	Land Use & Development	372.00	Moderate	↓	Tier 2
Business & Community Services (BCS)	Library	370.80	Moderate	↓	Tier 1
Technology Services (TS)	Technical Services	349.00	Moderate	↓	
Finance	Financial Management & Accountability	343.00	Moderate	–	
Technology Services (TS)	Applications	343.00	Moderate	↓	
Technology Services (TS)	Communication Services	343.00	Moderate	↓	
Health, Housing & Human Services (HHS)	Housing & Community Development	333.72	Moderate	–	
Finance	Courier & Mail Operations Services	331.00	Moderate	–	
Juvenile Department	Accountability	318.20	Moderate	↑	Tier 3
Assessment & Taxation	Administration	312.60	Moderate	↑	
Finance	Accounting Services	312.00	Moderate	–	
Human Resources (HR)	Benefits, Wellness, Leave Management	302.20	Moderate	–	
Business & Community Services (BCS)	Assets	300.60	Moderate	–	
Business & Community Services (BCS)	Economic Development Line of Business	300.60	Moderate	–	
Business & Community Services (BCS)	North Clackamas Parks & Recreation District (NCPRD)	294.28	Moderate	–	
Disaster Management	Disaster Management & Medical Examiner	293.00	Moderate	–	
Sheriff's Office (CCSO)	Training	292.12	Moderate	↓	
Business & Community Services (BCS)	Extension and 4H Service District	290.20	Moderate	–	
Human Resources (HR)	Administration	287.08	Moderate	↓	Tier 3
Human Resources (HR)	Workforce Design	287.08	Moderate	–	Tier 3
Treasurer's Office	Treasury Services	277.72	Low	–	
Business & Community Services (BCS)	Fair & Event Center	275.40	Low	↓	
Human Resources (HR)	Employee & Labor Relations Management	264.04	Low	↓	
Clackamas 911 (CCOM)	Clackamas 911 Services	258.28	Low	↓	
Transportation & Development (DTD)	Targeted Improvement Areas	249.40	Low	–	
District Attorney (DA)	Justice & Public Safety	237.00	Low	–	
Board of County Commissioners	Commissioners Line of Business	233.08	Low	–	
District Attorney (DA)	Family Support	233.00	Low	–	
District Attorney (DA)	Victim & Support Services	233.00	Low	–	
Assessment & Taxation	Property Tax Revenue & Records	215.80	Low	–	Tier 2
Juvenile Department	Public Safety	215.80	Low	–	
Juvenile Department	Administration	214.20	Low	↓	
Juvenile Department	Reformation	212.20	Low	–	
Assessment & Taxation	Valuation	205.20	Low	–	
Public & Government Affairs (PGA)	Strategy, Policy & Brand Identity	166.28	Low	–	
Public & Government Affairs (PGA)	Communications, Engagement & Advocacy	164.92	Low	–	
County Administration	Tourism & Cultural Affairs Services	136.50	Low	–	
County Counsel	Litigation & Labor	113.40	Low	–	
County Counsel	Office of the County Counsel Administration	111.70	Low	–	
County Counsel	Legal Support	111.70	Low	–	
Justice Court	Justice Court Services	99.10	Low	–	
Law Library	Law Library Administration	65.80	Low	–	
Resolution Services	Resolution Services	64.52	Low	–	
Treasurer's Office	Office of County Internal Audit				



## What high-risk areas might benefit from an internal audit engagement?

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Independent assurance supports transparent, accountable and informed decision-making. We help the county serve the public and enrich our communities.

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- Sheriff's Office with a focus on public safety
- Clerk's Office with a focus on election integrity and security
- County Administration with a focus on capital construction
- Health, Housing and Human Services with a focus on housing services
- Finance with a focus on asset management
- Transportation and Development with a focus on fees
- District Attorney's Office with a focus on justice and public safety
- County governance with a focus on financial condition and trend analysis

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Item #4  
County Internal Audit Recommendations – 2022 Status



# County Internal Audit Recommendations 2022 Status

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

- 14 reports
- 11 distinct county departments

## Audit Recommendations

- 109 recommendations
- 80% have been implemented to improve controls and processes



# 2022 Statistics

**We are closing audit recommendations quicker = greater impact**

- ✓ 100% acceptance rate in 2022
- ✓ 2022 recommendations = 77% resolution rate within 6 - 12 months
- ✓ 2021 recommendations = 77% resolution rate within 18 months or less

# Audit reports with Outstanding Audit Recommendations

## 2022 STATUS

STATUS DISPLAYED AS A PERCENT OF ALL RECOMMENDATIONS MADE IN AUDIT REPORT

■ Resolved 
 ■ In progress 
 ■ Declined 
 ■ Not yet started

2022-02	NORTH CLACKAMAS PARKS AND RECREATION DISTRICT: GOVERNANCE (10)	9	1		
2021-04	CONTRACT ADMINISTRATION (3)	1	2		
2021-03	ELECTIONS BALLOT SECURITY (4)	2	2		
18-02	HR COMPLAINT REVIEW: TRAINING, WRITTEN POLICIES & PROCEDURES (21)	13	5	2	1
17-01	CLACKAMAS COUNTY TOURISM AND CULTURAL AFFAIRS: PROCUREMENT, CONTRACTING & INTERNAL REVENUE CODE (12)	8	2	2	



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.

A decorative graphic featuring various green and dark blue shapes. On the left, there's a vertical green bar with a small orange semi-circle at the top. On the right, there are several overlapping leaf-like shapes in different shades of green and a dark blue shape. At the bottom, there's a wide green horizontal bar with a dark blue circle on the left and a rounded green shape on the right.

Thank you

Office of County Internal Audit

Clackamas County  
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Item #5  
Quality Assurance and Improvement Plan – 3.8.2023 Status



# Quality Assurance and Improvement Program

Status update  
March 8, 2023

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.
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 October 2023
IAOC Charter	Complete	Next annual review – Target October 2023
IAOC Composition	Complete	Composition includes community membership – First two-year term ending for two members in January 2023. One position, chair, renewed for second term. One vacancy. Recruitment open, closes May 1, 2023.
OCIA Classification Series and Resources*	Complete	Outstanding Senior Internal Auditor joined the team in July 2021! Development of County Internal Audit professional classification series completed December 2022; Preliminary alignment with industry standards and Oregon market.
OCIA Policy and procedure manual*	In progress	To be addressed in 2022/2023; completion planned in preparing for peer review.
External Quality Assessment Review - Peer review*	In planning stage	Contract Target 2023; Coordinating with State of Oregon Chief Audit Executive Council to participate in state reciprocal activity.
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> .	
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.	

###