

Office of the County Internal Auditor

# Audit Committee New Member Orientation



# AGENDA

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- Introduction
- Internal Audit Process
- Role of Audit Committee
- Developing Effective Audit Committees

Resources, including this presentation, available online.

[www.deschutes.org/administration/page/audit-committee-information](http://www.deschutes.org/administration/page/audit-committee-information)

# INTRODUCTION

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- Internal Audit Staff
- Audit Committee
- Board of County Commissioners
- Administration
- External Auditors

# Internal Audit Staff



Elizabeth Pape, County Internal Auditor  
Aaron Kay, Performance Auditor

- Deschutes County Employees
- Report to the Audit Committee
- Performance Auditors, Not CPAs
- Conduct audits, administer [whistleblower hotline](#), limited non-audit services.
- Audit Code: [DCC 2.14](#)
- [More about us](#)



# Audit Committee

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- Nine Members—6 Public and 3 Employees
- Advises the Board of Commissioners
  - Selection and oversight of external (contract) and internal (staff) auditors
  - Proposes budget for internal audit
  - Work plan for internal audit
- Audit Committee Code: [DCC 2.15](#)
- [More about the committee](#)



# Board of County Commissioners

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Patti Adair, Chair



Phil Chang

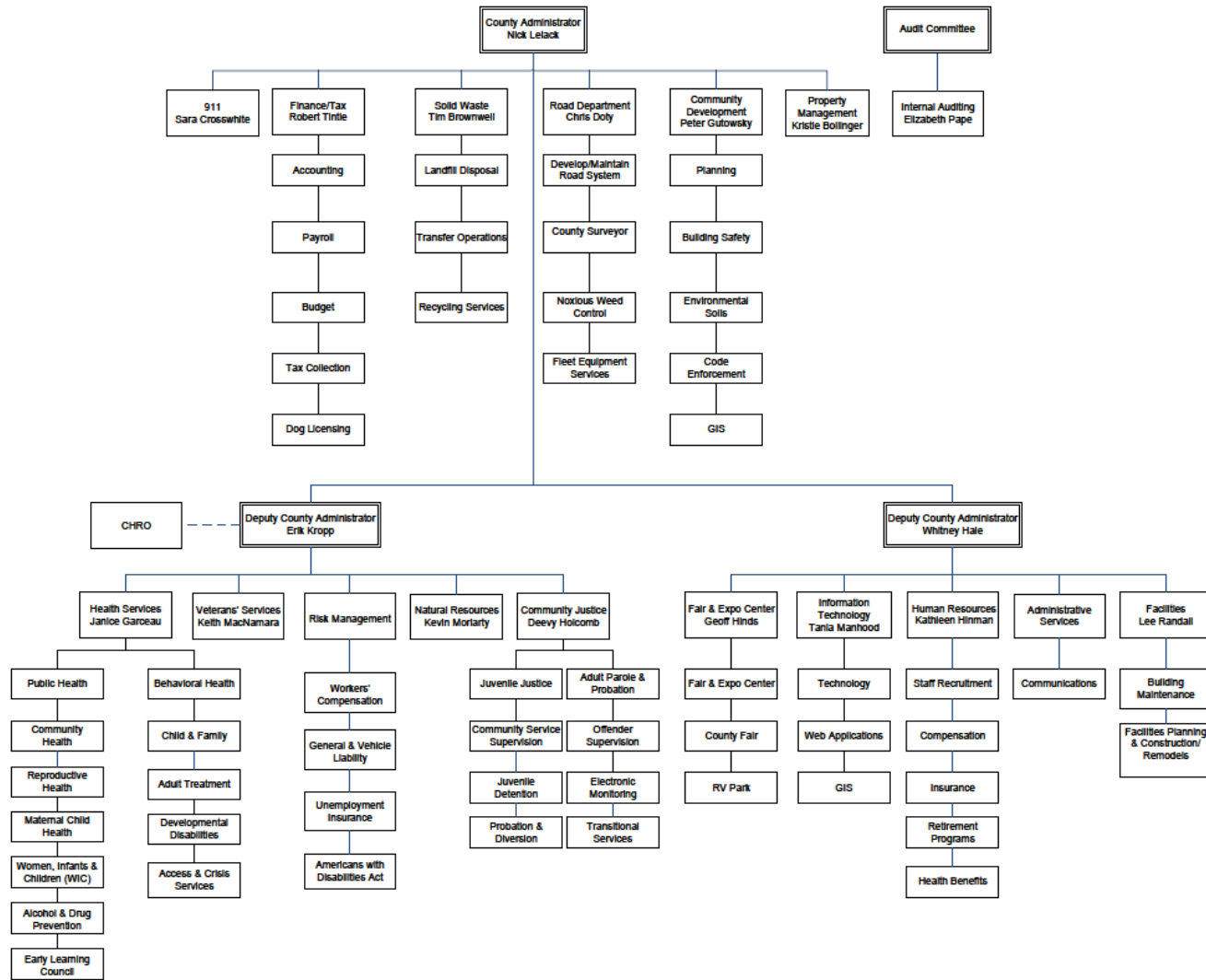


Tony DeBone

- Legislative and quasi-judicial authority over countywide policy
- Establishes budget
- Appoints County Administrator to oversee operations
- [More about the board](#)



# County Administration



- Operate the County
- Also elected offices
- Auditees (subjects of audits)
- Responsible for internal control, performance, and compliance
- For more see: [Departments Drop Down](#)



# External Auditors—Moss Adams

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- Certify financial reports
- Compliance Oregon Minimum Audit Standards
- Single Audit for federal grants
- [2023 Annual Financial Report](#)
- [More about Moss Adams](#)



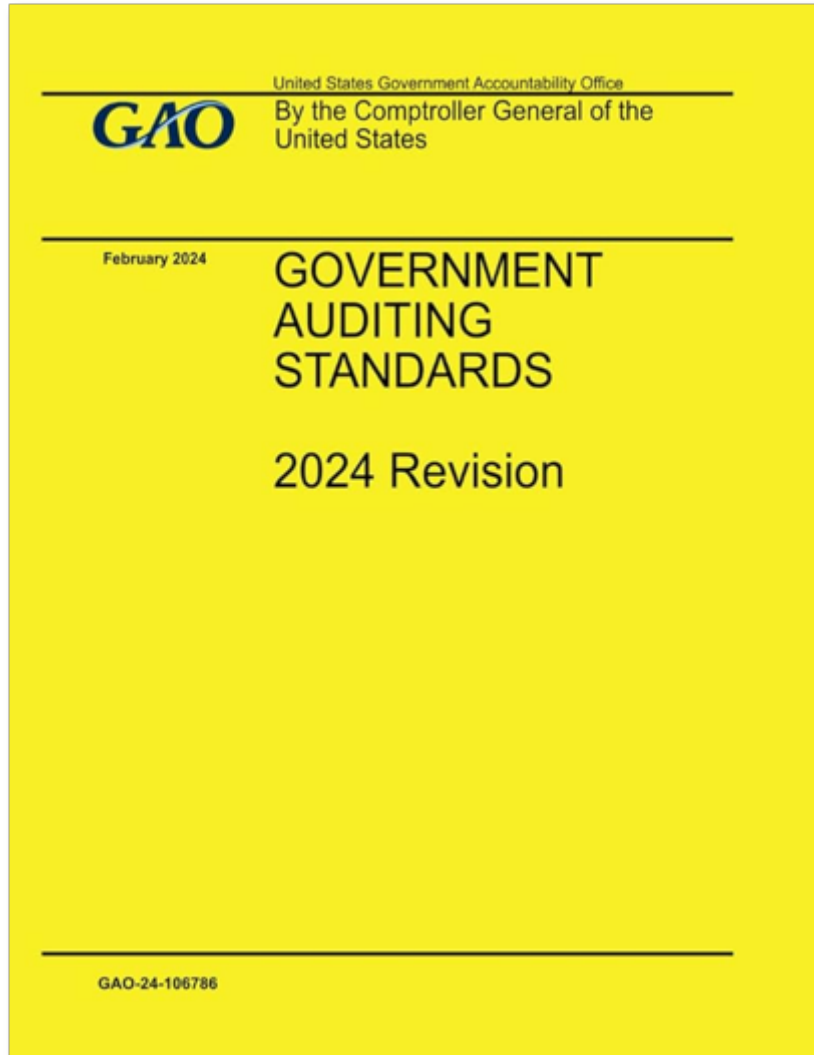


# INTERNAL AUDIT PROCESS

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- Government Auditing Standards—Quality
- Risk Assessment and Audit Plan
- Audit Process
- Findings
- Reporting and Follow-up
- Goals and Performance

# Government Auditing Standards



Performance auditing is more than an opinion


...**evaluation** of evidence against criteria

...**objective analysis** to help management **improve** program performance, reduce costs, initiate corrective action, contribute to public accountability.

[Link to Standards](#)



# Quality



**External  
Quality  
Control Review**

of the  
Deschutes County Internal Audit  
Program

Conducted in accordance with guidelines of the  
**Association of Local Government  
Auditors**  
for the period 7/1/2018 to 6/30/2021

- Validate evidence
- Quality control review
- Annual internal quality review
- External peer review every three years
- [For last peer review](#)



# Risk Assessment and Audit Plan



**Deschutes County – Office of  
County Internal Audit**

*Approved 6-9-2023*

**To:** County Audit Committee, Nick Lelack

**From:** David Givans – County Internal Auditor

**Date:** 6/09/2023

**FY24 FY25 INTERNAL AUDIT PROJECT PLAN - 2 yr. planning**

**CARRYOVER PROJECTS**

Status	Audit Description
In process/ Carryover (FY 22 / FY23)	1. <b>Work in process: #22/23-9 Behavioral Health–workload/productivity</b> (~350 hrs)
	2. <b>Facilities &amp; Property Management-fiscal controls</b> (~50 hrs)
	3. <b>District Attorney’s Office–fiscal controls</b> (~60 hrs)
	4. <b>Selected computerized procedures – compensated time</b> (~150 hrs)

**NEW PROJECTS (by estimated fiscal year)**

Status	Timing	Area / Audit Description	Last Audit
	FY 24	5. <b>Fiscal cash control audits</b> (~120 hrs) 3 audits County Clerk’s Office (~60 hrs), Fair & Expo (~20hrs in FY24, ~60hrs in FY25), Legal Counsel (~40 hrs)	varies
	FY 24	6. <b>Review of TPA administration of high cost medical claims</b> (~450 hrs) Health Benefits Trust	2013
	FY 24	7. <b>Equity of wages and benefits</b> (~200 hrs) (All departments/offices)	
	FY24	8. <b>Internal software development - general controls</b> (~220 hrs) Information Technology	2022
	FY 24	9. <b>Personnel data entry control assessment</b> (~200 hrs) Human Resources	2019
	FY 24	10. <b>Translation and interpreter services – equity and effectiveness</b> (~200 hrs) (All departments/offices)	
	FY24 FY25	11. <b>Recruitment and retention in the post pandemic era</b> (~200 hrs in FY24, ~250 hrs in FY25) (All departments/offices)	
	FY 25	12. <b>Fiscal cash control audits</b> (~220 hrs) 3 audits Fair & Expo RV Park (~60 hrs), Fair & Expo (~60 hrs), Health Services (~100 hrs in FY25, ~200 hrs in FY26)	Varies

- Risk guides all work
- Audit Committee and Department Input
- [Bi-annual Plan](#)
- [More on Risk Assessment](#)



# Audit Process

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- Extensive management involvement at each stage
- [More on Audit Process](#)



# Findings



**EFFECT**-Bad outcome. Likelihood times impact.



**CRITERIA**-Regulations, goals, policies, benchmark, laws, etc.



**CONDITION**-Performance. Description of current practice.



**CAUSE**-Something management controls. Internal control.

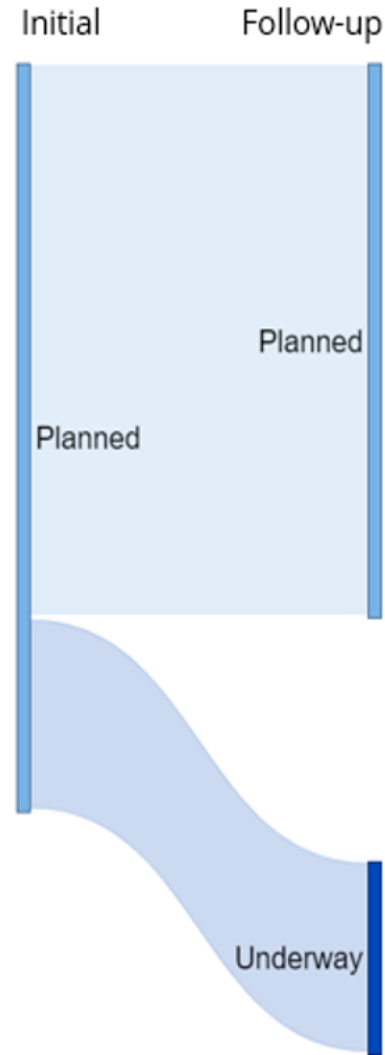


**RECOMMENDATION**-Addresses the cause.



# Reporting and Follow-up

**Figure I -**  
How were  
recommendations  
implemented?



- Impacts: Improvement and Change
- [Read Reports](#)

Complete the survey!!!!

County Legal—Integrated Audit—23/24-19 June 2024

**RECOMMENDATIONS**  
3

**County Legal Integrated Audit**

The Office of County Internal Audit:  
Elizabeth Page, CA, CFE – County Internal Auditor  
Aaron Kay – Performance Auditor

Audit committee:  
Daryl Parrish, Chair – Public member  
Jodi Burch – Public member  
Joe Healy – Public member  
Kristin Toney – Public member  
Summer Sears – Public member  
Stacy Tural – Public member  
Patti Adair, County Commissioner  
Charles Fadeley, Justice of the Peace  
Lee Randall, Facilities Director

Take survey by clicking here

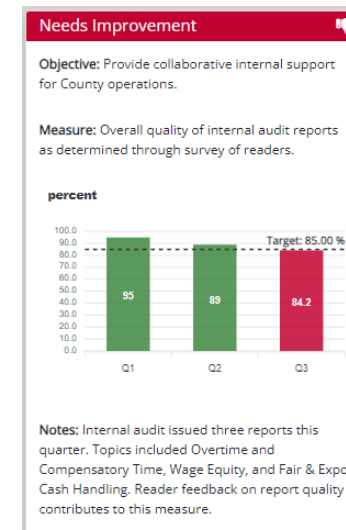
To request this information in an alternate format, please call (541) 330-4674 or send email to [internalaudit@deschutes.org](mailto:internalaudit@deschutes.org)



# Goals and Performance

1. Increase public trust in Deschutes County government.
2. Be a trusted advisor to Elected officials and County management.
3. Create positive change in County Government
4. Strengthen team knowledge, skills, and fulfillment.

- Reader survey
- % of recommendations agreed to by management
- Working on new measures



Benchmark: 4.25





# ROLE OF AUDIT COMMITTEE

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- Meetings
- Activities
- Proactive oversight

# Meetings



## Audit Committee

Friday, June 14, 2024  
12:00 p.m.

Via Zoom: <https://us02web.zoom.us/j/84593228389>

Meeting ID: 845 9322 8389    Passcode: None  
Deschutes County Administration Services Building,  
2nd Floor, Allen Conference Room

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- I. **Call to Order**
  - II. **Introductions/Notices**
  - III. **Review/Approve minutes from March 8, 2024, meeting**
  - IV. **Special Topics**
    - a. **External Audit Plan for Fiscal Year 2024—Moss Adams**
  - V. **Internal Audit Report**
    - a. Custom Software Development: [Presentation](#) and [Report](#)
    - b. Clerk's Office Integrated Audit: [Presentation](#) and [Report](#)
    - c. **Follow-Ups**
      - Continuity of Operations Plans: [Presentation](#) and [Report](#)
    - d. [Status Report](#)
      - In-process and Upcoming
        - County Legal Integrated Audit
        - Courthouse Pre-Construction
        - Health Benefits
        - Recreational Vehicle Park Integrated Audit
  - VI. **Other Discussion Items**
    - a. [Proposal for Internal Auditor Annual Performance Review, Communication, and Interim Form](#)
    - b. [Audit Committee Survey Results Next Steps](#)

- Even number months
- Management attends all
- External auditors in June and December
- Board of Commissioners in December
- Materials and agenda in advance



# Activities

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1. Oversee audit of financial statements
2. Assure coordination between external and internal audit
3. Ensure internal audit performs its functions by reviewing
  - a) the ordinance every other year
  - b) proposed audit work plan
  - c) budget and staffing levels
  - d) reports
  - e) Office goals
  - f) quality assurance reviews
  - g) the internal auditor's performance
4. Make recommendations
5. Report annually to the Board of Commissioners on activities and recommendations

Per DCC 2.15.040



# Proactive Oversight

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You could just check all those boxes.

But the audit function is about more than curb appeal and window dressing.



# DEVELOPING AN EFFECTIVE AUDIT COMMITTEE

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- Tone at the top
- Independence
- Communication
- Trust

# Tone at the Top

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“The oversight body and management

demonstrate the importance of integrity and ethical values through their directives, attitudes, and behavior....

set the tone at the top and throughout the organization by their example, which is fundamental to an effective internal control system....

reinforce the commitment to doing what is right, not just maintaining a minimum level of performance necessary to comply with applicable laws and regulations, so that these priorities are understood by all stakeholders, such as regulators, employees, and the general public.”

Standards for Internal Control in the Federal Government



# Independence

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“Auditors and audit organizations maintain their independence so that their opinions, findings, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by reasonable and informed third parties.”

Government Auditing Standards

Office  
Independence  
Undue Influence

Committee  
Independence  
Conflicts of Interest



# Communication

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- **Board of County Commissioners:** Annual report, testify at meetings, or other communications
- **Management:** Questions either during or outside of committee meetings
- **Community Members**
- **Audit staff:** Contact us anytime. We're always happy to talk to you.





# Trust

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*“Public trust in government near historic lows”*

Pew Research Center

Audit is an opportunity to build trust by creating a communication channel between the public and management based on sound evidence and independence.

