

PALM BEACH COUNTY

BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 04/03/2012

[] Consent [X] Regular
[] Public Hearing

Department:

Submitted By: Internal Auditor's Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve on preliminary reading and advertise for a Public Hearing on April 17, 2012 at 9:30 a.m.: An ordinance of the Board of County Commissioners of Palm Beach County, Florida, amending Ordinance 2010-006; providing for title; providing for the establishment, purpose, authority, composition, meetings and responsibilities of the Palm Beach County Internal Audit Committee; providing for repeal of laws in conflict; providing for severability; providing for inclusion in the code of laws and ordinances; and providing for an effective date.

Summary: The Audit Committee has been conducting a review of its duties and responsibilities as established in Ordinance 2010-006, known as the Palm Beach County Internal Audit Committee Charter Ordinance, and has identified several revisions they believe are necessary. The revisions are recommended to reflect the Committee's advisory role relative to the BCC and the County Internal Auditor, and to clarify that the Committee has oversight authority for actions the County Internal Auditor is responsible for taking. Countywide (PFK)

Background and Policy Issues: The Audit Committee's recommend changes to Ordinance 2010-006 are summarized as follows:

1. Replace the requirement to review and approve audit reports with a review only requirement;
2. Ensure that audit reports are submitted to the BCC as agenda items and posted on the Internal Audit web site;
3. Ensure that the County Internal Auditor conducts follow up on reported findings;
4. Eliminate the requirement that the Audit Committee Chair have accounting, audit or related financial management expertise, and
5. Eliminate language that was only necessary for the first meeting of the new Committee.

The first three of these revisions are recommended in the context of the advisory and oversight roles of the Audit Committee. The fourth revision reflects the Audit Committee's belief that any member should have an opportunity to serve as Chair and that no special, additional expertise is required. The last revision removes language that was only needed for the Committee's initial organizational meeting.

Attachment:

Ordinance

Recommended by:

Joseph F. Bergeron
Internal Auditor

30 Jan 2012
Date

→ NOT Recommended by:

Chris Weir
County Administrator

2/1/12
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2012	2013	2014	2015	2016
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT	* see below				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes ___ No ___
 Budget Account No.: Fund ___ Agency ___ Org. ___ Object ___
 Program Number ___ Revenue Source ___

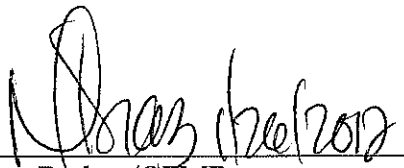
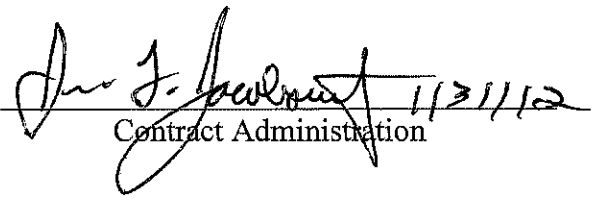
B. Recommended Sources of Funds/Summary of Fiscal Impact:

* No fiscal impact

A. Department Fiscal Review:

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:

 _____ Budget/OFMB 1/25/12 11/25/12	 _____ Contract Administration 11/21/12
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B. Legal Sufficiency:



 Assistant County Attorney
 2/1/12

C. Other Department Review:

Department Director

1 A. Review and approve the annual risk-based audit plan prepared by the County
2 Internal Auditor.

3 ~~A~~ B. Act as an advisor to the County Internal Auditor in conducting performance audits
4 of county departments, divisions, offices, agencies or boards which fall under the
5 authority of the BCC and entities contracting with the BCC.

6 ~~B~~ C. Give guidance to the County Internal Auditor in planning and conducting
7 effectiveness, efficiency and economy reviews.

8 ~~C~~ D. Act as an advisor to the BCC on the County Internal Auditor's function and
9 activities.

10 ~~D~~ E. Provide advice and recommendations regarding the assessment of significant risks
11 and exposures as well as compliance with policies, procedures, laws and regulations.

12 ~~E~~ F. Seek and obtain any information it requires from BCC or county employees, all of
13 whom are directed to cooperate with the committee's request.

14 **SECTION 4. COMPOSITION.**

15 A. The Internal Audit Committee shall be composed of five members appointed by the BCC
16 and shall not include any county commissioners as members.

17 B. All five members shall be citizens of Palm Beach County, independent of elected and
18 appointed county officials and employees, and not employed in any capacity by the BCC
19 or by an entity subject to audit by the County Internal Auditor.

20 C. Membership of the Internal Audit Committee will be to the greatest extent possible
21 representative of the community-at-large and reflect the racial, gender and ethnic make-
22 up of the community.

23 D. The members' terms shall be three years and staggered so that the Internal Audit
24 Committee annually includes a new member and members with one and two years of
25 service. ~~Members' terms will be determined by lot at the first meeting with Seats 1 and 2~~
26 ~~-serving for three years, Seats 3 and 4 serving for two years, and Seat 5 serving for 1 year.~~

27 E. Each member shall serve no more than two consecutive full terms.

28 F. At least 90 days prior to the end of a member's term of service on the Internal Audit
29 Committee, the Internal Audit Committee shall either (a) recommend that the BCC
30 reappoint that member (if that member is eligible for reappointment) or (b) recommend
31 that the BCC appoint a new member.

- 1 G. Committee members shall have experience in business or finance; government
2 accounting, auditing, operations or financial management; or other relevant experience.
- 3 H. The chair of the Internal Audit Committee will ~~have accounting, audit or related financial~~
4 ~~management expertise, and will~~ be elected by the members of the Internal Audit
5 Committee to serve a single two year term.

6 **SECTION 5. MEETINGS.**

- 7 A. The Internal Audit Committee will meet at least quarterly, with authority to convene
8 additional meetings, as circumstances require.
- 9 B. All Internal Audit Committee members must attend at least 75% of the scheduled
10 meetings in any membership year (a membership year runs from August 16 of one year
11 to August 15 of the following year) to remain a member.
- 12 C. Absences due to extenuating circumstances may be excused by the Internal Audit
13 Committee at its discretion.
- 14 D. The Internal Audit Committee may invite members of management, internal auditors,
15 external auditors or others to attend meetings and provide pertinent information, as
16 necessary.
- 17 E. Meeting agendas will be prepared by the County Internal Auditor and provided in
18 advance to members, along with appropriate briefing materials. Meeting agendas will be
19 approved by the Internal Audit Committee at the start of each meeting.
- 20 F. Minutes will be prepared by the Clerk & Comptroller's Board Services/Minutes
21 Department.
- 22 G. Three out of five members must be present to have a quorum.

23 **SECTION 6. RESPONSIBILITIES.**

24 The Internal Audit Committee will carry out the following responsibilities:

25 **A. Review and Direction of Internal Audit Function.**

- 26 1. Review with the County Internal Auditor the Internal Audit Committee charter, audit
27 plans, activities, staffing, budget, and organization structure of the internal audit
28 function. The Internal Audit Committee's key responsibilities will be documented on
29 a checklist at the beginning of each fiscal year, identifying the frequency and the
30 specific meeting date that each responsibility will be completed.

- 1 2. Review and make recommendations to the BCC for amendments to the county charter
2 establishing the Office of the County Internal Auditor.
- 3 3. Review and approve the County Internal Auditor's annual audit plan, ensure that the
4 County Internal Auditor submits the approved plan to the BCC as an agenda item for
5 information purposes only, and review and approve any proposed amendments to the
6 annual plan.
- 7 4. Review ~~and approve~~ internal audit reports ~~prior to issuance~~ to identify potential
8 systemic high risk areas.
- 9 5. Ensure that the County Internal Auditor Ssends internal audit reports to the BCC as
10 agenda items and ~~have~~ has internal audit reports posted on the county's website to
11 promote transparency in accordance with the Palm Beach County Internal Auditor
12 Ordinance.
- 13 6. Report problems or problem areas to the BCC at such times as deemed appropriate.
- 14 7. Ensure that Monitor follow-up on reported findings is done in a timely manner to
15 ensure corrective actions are taken.
- 16 8. Evaluate at least annually the performance of the County Internal Auditor and the
17 effectiveness of the internal audit function and recommend compensation adjustments
18 and contract renewal for the County Internal Auditor to the BCC.
- 19 9. Evaluate the findings and recommendations of periodic peer reviews conducted by
20 independent parties to evaluate the internal audit function's adherence to professional
21 audit standards.
- 22 10. Act as a selection committee for the County Internal Auditor whenever the position
23 becomes vacant. Interview candidates with the assistance of the Human Resources
24 department, and make a recommendation to the BCC for the new County Internal
25 Auditor.
- 26 ~~11. Review any occurrences of fraud detected by the county internal auditor and provide~~
27 ~~recommendations to the County Internal Auditor of the appropriate disposition,~~
28 ~~including forwarding to the County Inspector General or proper law enforcement~~
29 ~~agency.~~

30 **B. Review of the Systems of Internal Controls.**

- 1 1. Act as an advisor to the County Internal Auditor in identifying and assessing the
2 county's significant risks or exposures. Such risks and exposures may arise from
3 areas including, but not limited to, county operations, finance, reporting, asserted and
4 unasserted litigation and claims, and non-compliance with laws, regulations,
5 contractual obligations and grants.
- 6 2. Review with the County Internal Auditor the process for providing reasonable
7 assurance that management has adequate controls to minimize these risks and
8 exposures.
- 9 3. Review with the County Internal Auditor the existing information technology systems
10 and related security and controls.
- 11 4. Obtain regular updates from the County Internal Auditor regarding compliance
12 matters or issues.
- 13 5. Obtain and review such additional information as deemed necessary to evaluate the
14 adequacy and effectiveness of controls encompassing the county's governance,
15 operations, and information systems including:
 - 16 a. reliability and integrity of operational and related financial information,
 - 17 b. effectiveness, efficiency and economy of operations,
 - 18 c. safeguarding of assets, and
 - 19 d. compliance with laws, regulations, contracts and grants.
- 20 6. Ensure that any occurrences of fraud detected by the County Internal Auditor have
21 been handled pursuant to County policy including forwarding to the Office of the
22 Inspector General, Palm Beach County or proper law enforcement agency.

23 **C. Other Responsibilities.**

- 24 1. Discuss with and provide guidance to the County Internal Auditor regarding the
25 County's policies and procedures with respect to risk assessment and risk
26 management.
- 27 2. Perform other activities related to the committee's purpose as defined in Section 2 of
28 this Ordinance.
- 29 3. Review and assess the adequacy of the Internal Audit Committee Ordinance annually,
30 request BCC approval for proposed changes, and ensure appropriate disclosure as
31 may be required by law or regulation.

1 4. Perform an annual self-assessment of the committee's and individual members'
2 performance and ensure all responsibilities outlined in this charter have been carried
3 out. Provide an annual report to the BCC.

4 **SECTION 7. REPEAL OF LAWS IN CONFLICT.**

5 All local laws and ordinances in conflict with any provisions of this Ordinance are hereby
6 repealed to the extent of such conflict. ~~Resolution R-2005-325 is repealed in its entirety.~~

7 **SECTION 8. SEVERABILITY.**

8 If any section, paragraph, sentence, clause, phrase, or word of this Ordinance is for any
9 reason held by the Court to be unconstitutional, inoperative, or void, such holding shall not affect
10 the remainder of this Ordinance.

11 **SECTION 9. INCLUSION IN THE CODE OF LAWS AND ORDINANCES.**

12 The provisions of this Ordinance shall become and be made a part of the Code of Laws
13 and Ordinances of Palm Beach County, Florida. The sections of this Ordinance may be
14 renumbered or re-lettered to accomplish such, and the word "ordinance" may be changed to
15 "section," "article," or other appropriate word.

16 **SECTION 10. EFFECTIVE DATE.**

17 The provisions of this Ordinance shall become effective upon filing with the Department
18 of State.

19 APPROVED AND ADOPTED by the Board of County Commissioners of Palm Beach
20 County, Florida, on this the ____ day of _____, 2012.

21

22 SHARON R. BOCK PALM BEACH COUNTY, FLORIDA, BY ITS
23 CLERK & COMPTROLLER BOARD OF COUNTY COMMISSIONERS

24 By: _____ By: _____

25 Deputy Clerk Chair

26 (SEAL)

27 APPROVED AS TO FORM AND
28 LEGAL SUFFICIENCY

29 By: _____
30 County Attorney

31 Filed with the Department of State on the ____ day of _____, 2012.