

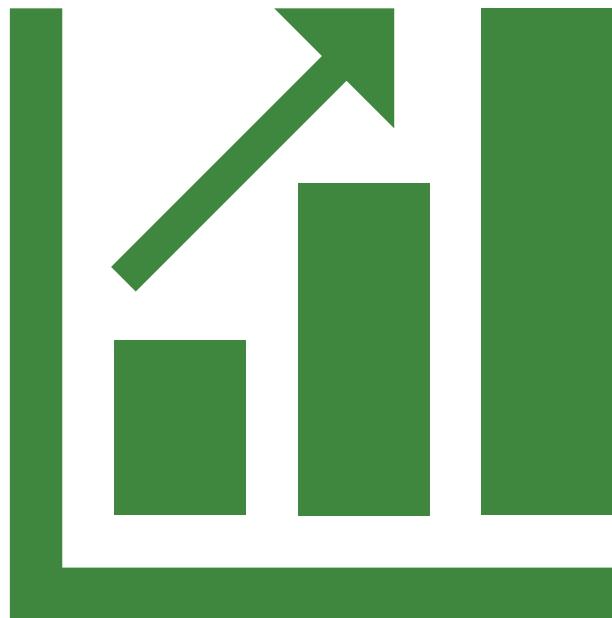
Office of the County Internal Auditor

Audit Committee Survey Results



Audit Committee Meeting | December 8, 2023

Why Survey



**Ensure a meaningful
experience for
committee
members**

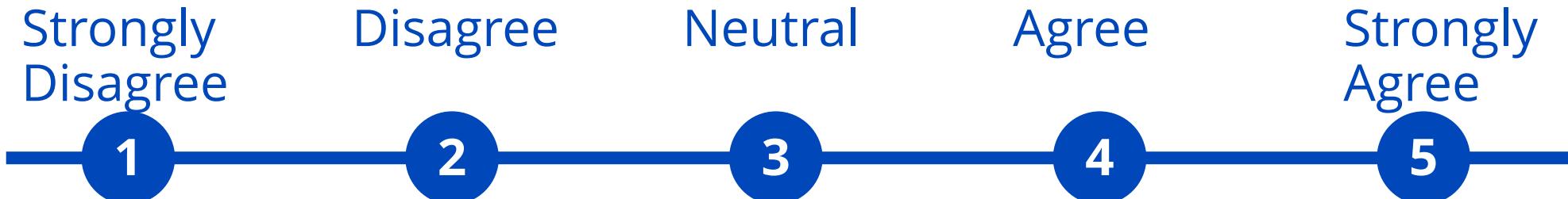
**Improve committee
effectiveness**



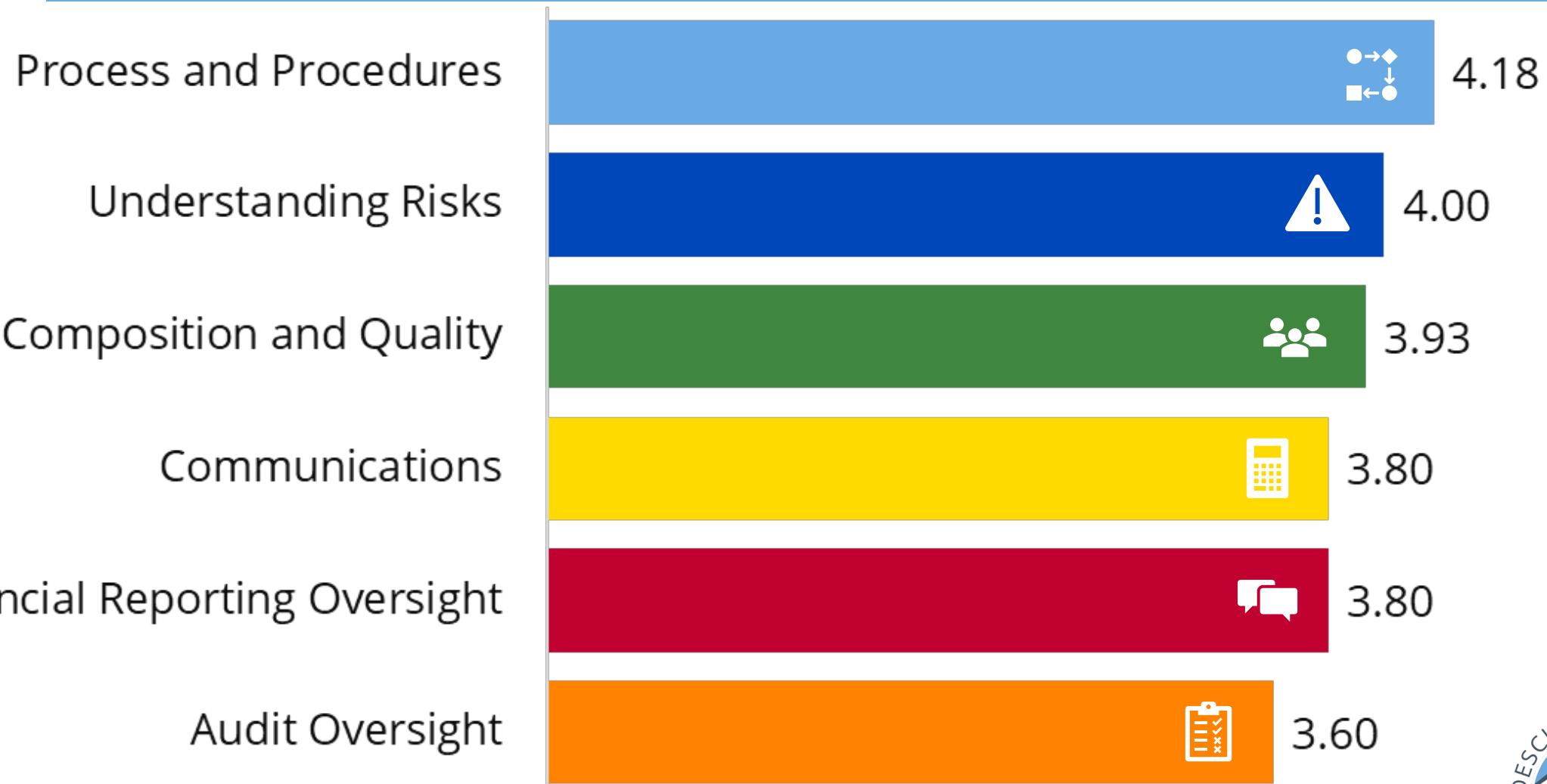
Contents of Survey

46 questions

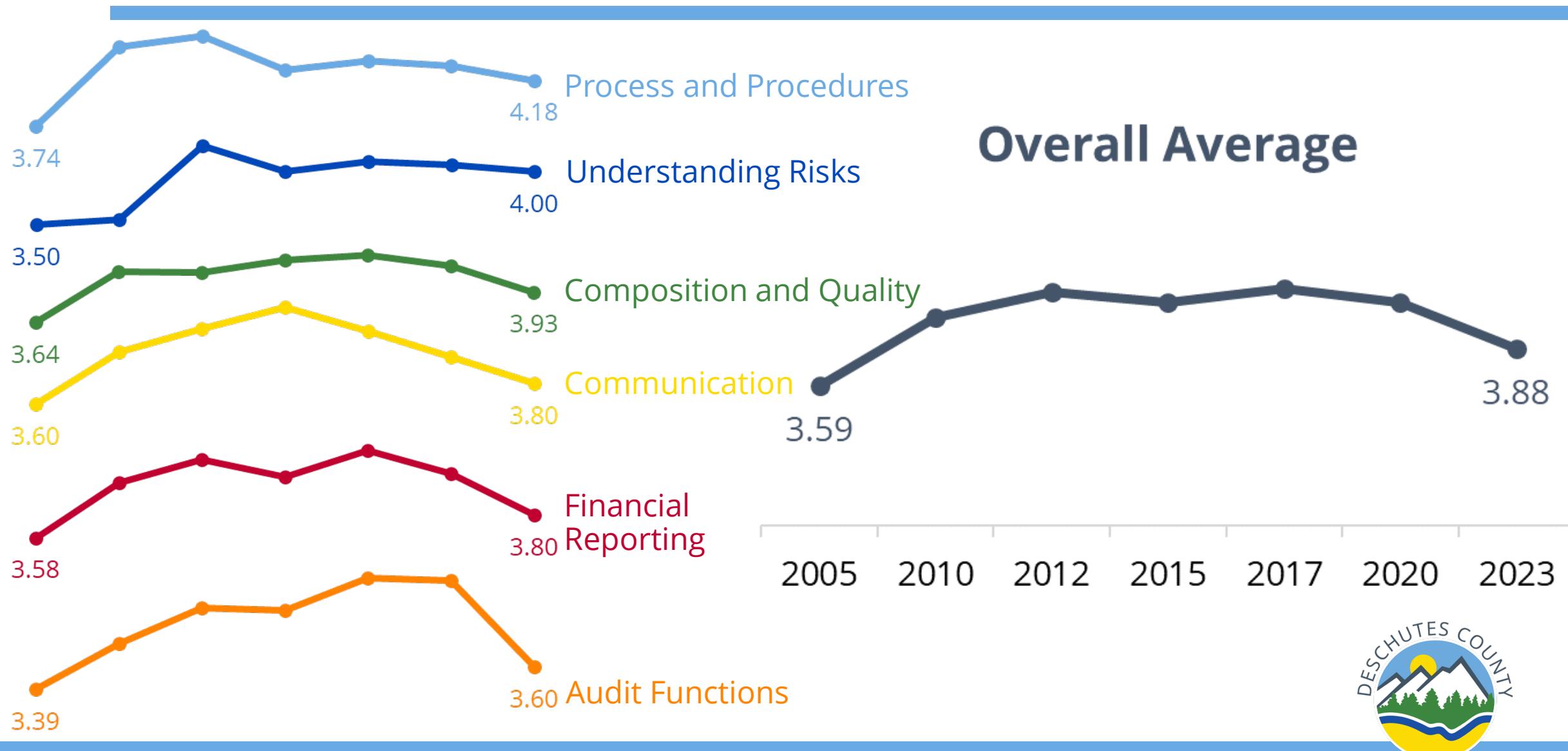
- ➡➡➡ **Process and procedures**
- ⚠ **Understanding risks**
- 👥 **Composition and quality**
- 💬 **Communication**
- Calculator- **Oversight of financial reporting**
- 📋 **Oversight of audit functions**



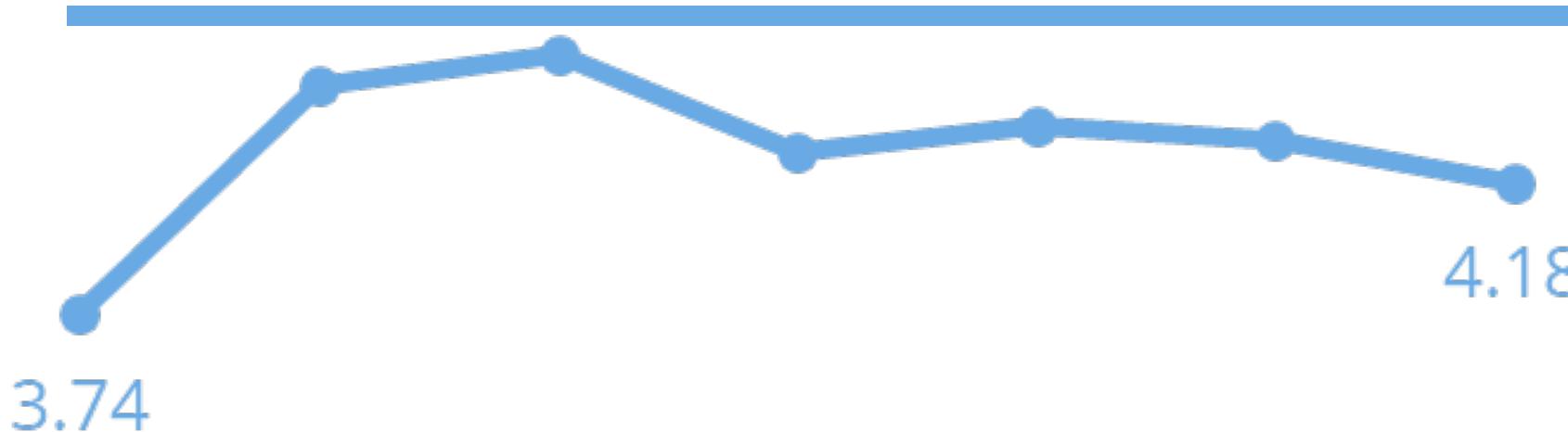
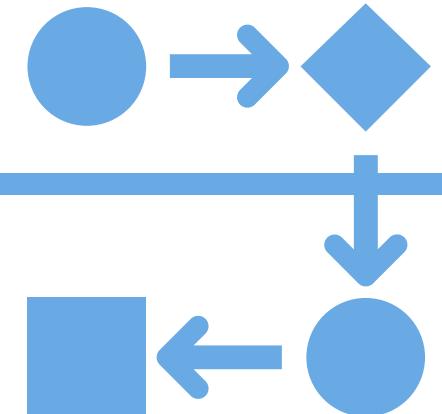
2023 Strengths



2023: Decreasing after 2017 Peak



Policies and Procedures

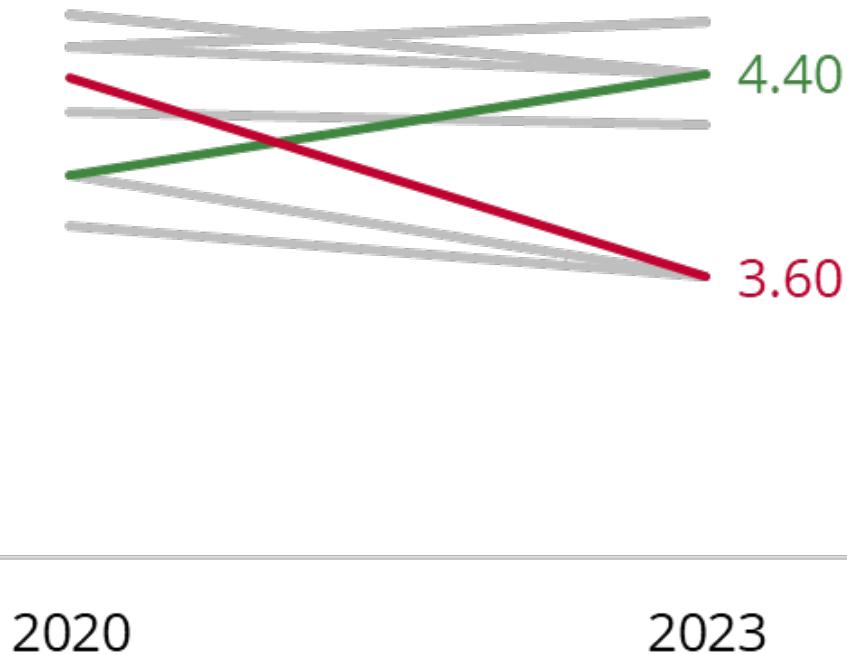
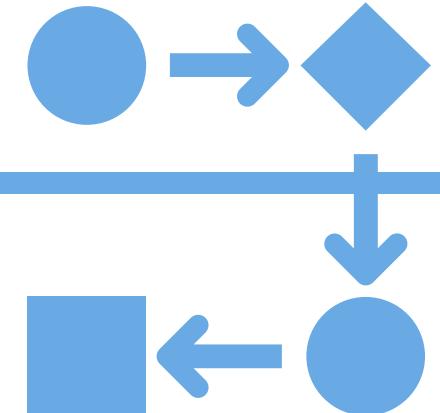


- Reports to Board of Commissioner
- Dedicated sufficient time and resources
- Develops a calendar
- Members can impact the agenda
- Encourages input on the agenda
- Agenda and materials distributed in advance
- At least quarterly meetings
- Promote open dialog

Materials not too brief or detailed
Committee responds appropriately



Policies and Procedures



Dedicates time and resources

Input on agenda



Understanding Risks



Understands pressures that may impact quality of financial statements

Understands significant risks to County, including process to identify risk

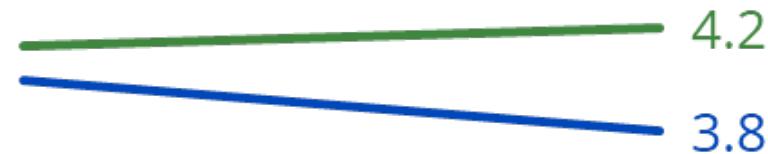


Understanding Risks



County Risks

Pressure on Management



2020

2023



Composition and Quality



Nominations: variety of sources, consider qualifications

Predefined qualifications, financial literacy

Diversity of experience and backgrounds

Qualities: integrity, credibility, knowledge, etc.

Independent

Reviews charter annually

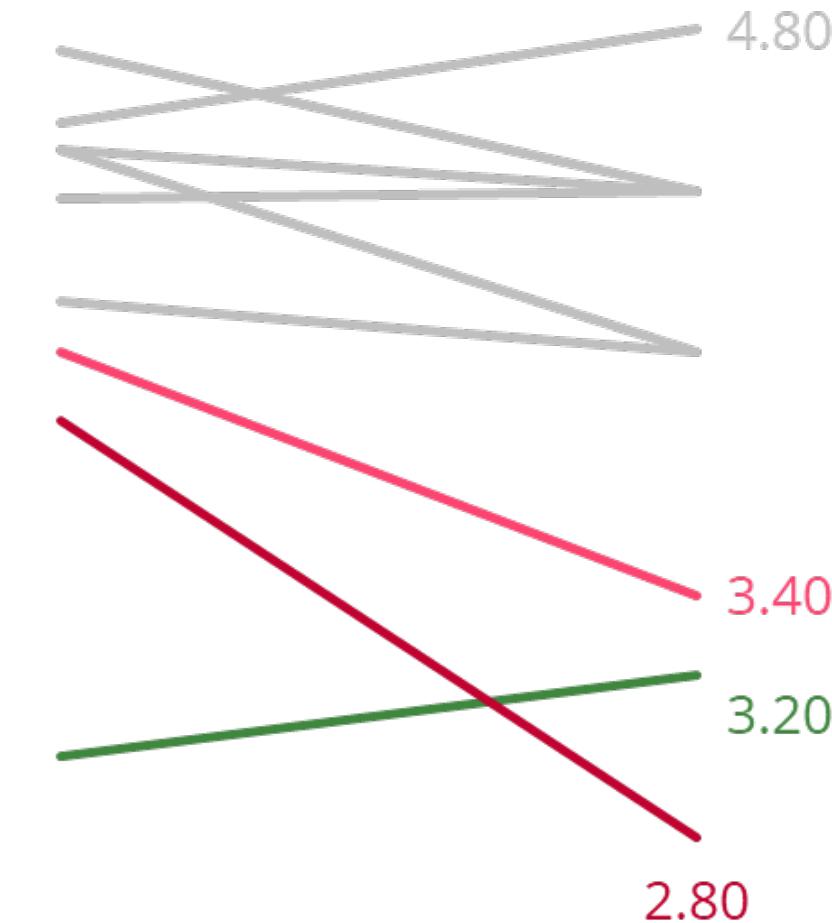
Continuing education

New member orientation

Successions plans



Composition and Quality



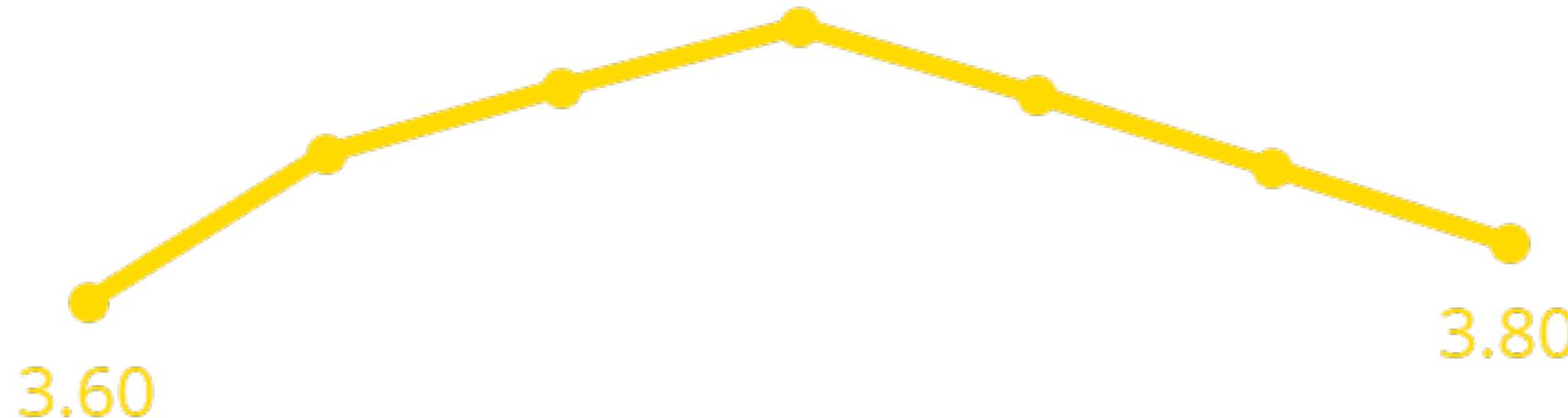
Reviews Charter Annually

Succession Plan

Continuing Education



Communication



Committee sets “tone at the top”

Member open lines of communication

Cooperative relationship with management and auditors

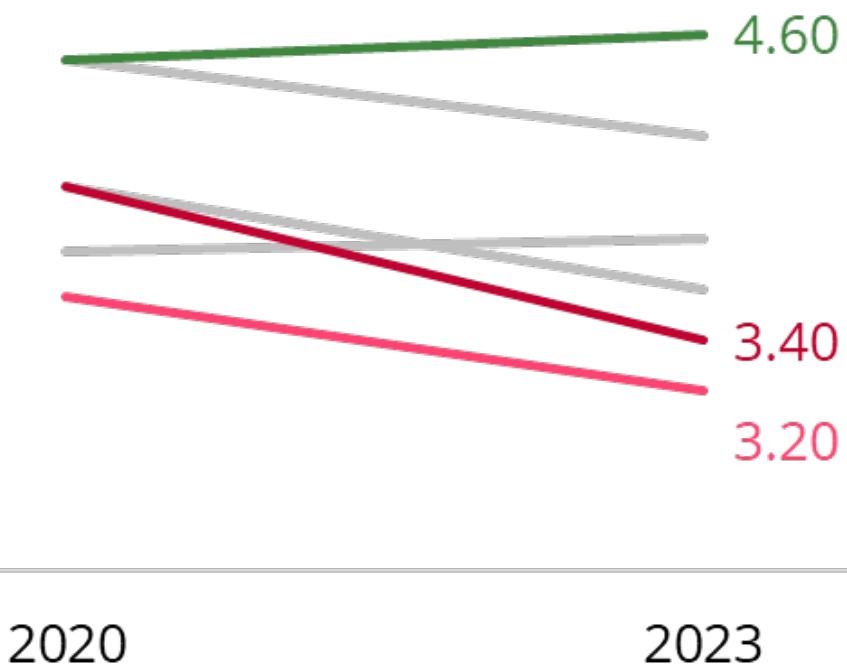
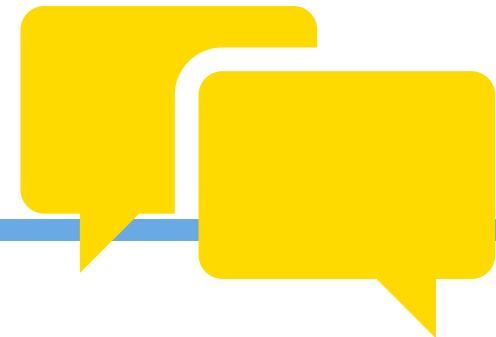
Receives timely information

Made aware of alleged violations

Periodically visit locations



Communication



Cooperative Relationship

Timely Information

Visit Locations



Oversight Financial Reporting



Considers quality, including disclosures

Ensures resolution

Process to review significant issues

Reviews financial adjustments

Information to assess internal controls

Understand internal control testing

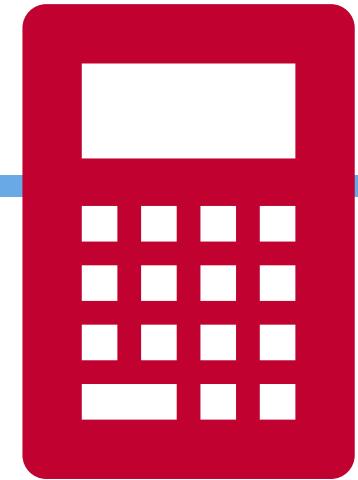
Consulted when management seeks a second opinion

Reviews and understands accounting procedures

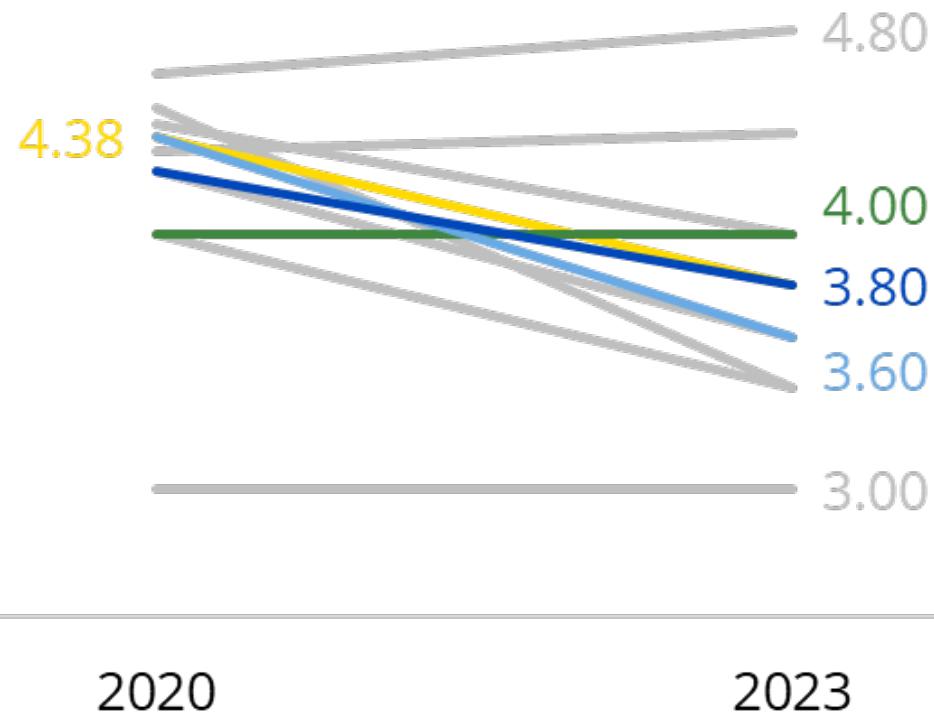
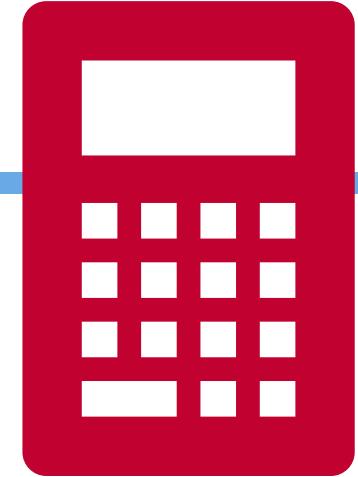
Asks about experience and sufficiency of finance and audit staff

Ensures recommendations are addressed

Reviews management action plans



Oversight Financial Reporting



Quality of Financial Reports

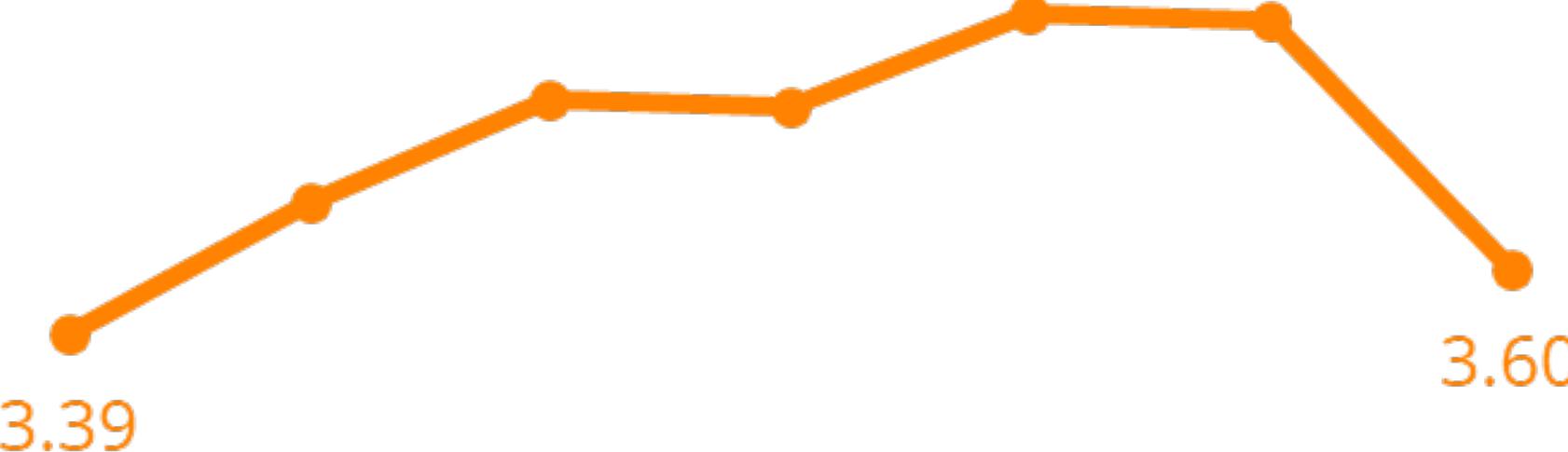
Reviews Accounting Policy

Ask Experience of Staff

Review Internal Controls



Oversight Audit



Understands external/internal coordination

Reviews internal audit charter, budget, staffing, etc.

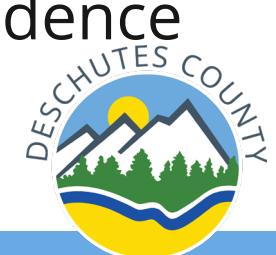
Process to assess compliance and effectiveness

Selection and oversight of external auditor

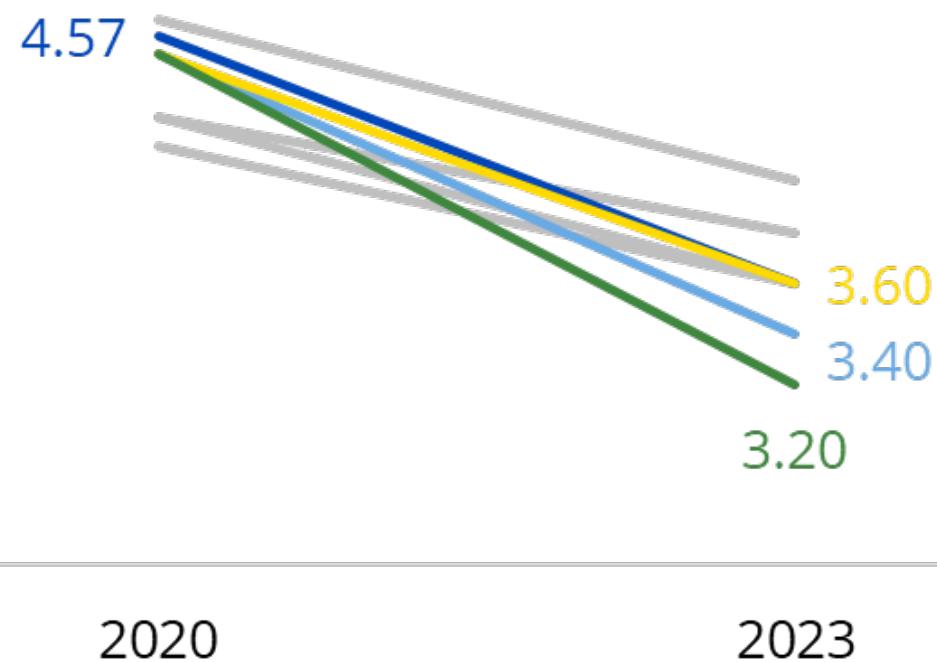
Considers non-audit services in assessing external auditor independence

Reviews management representation letters

Reviews fees paid to external auditor



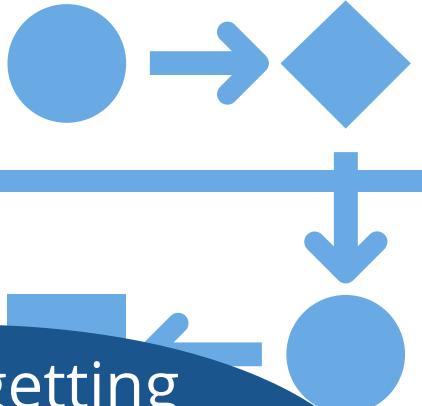
Oversight Audit



- External Auditor Fees**
- Non-audit Services**
- Representation Letters**
- Internal/External Coordination**



Policies and Procedures



I generally see an agenda distributed ahead of a meeting, though I don't remember being asked for input. Not that I feel the need to have input because we set and work from a Work Plan that guides our agendas.

We are getting better at [promoting open dialog]

No possible material violations of laws, or alleged breaches of fiduciary duties have been discovered during my tenure. I have no doubt that the committee would become aware and respond appropriately though.

Understanding Risks



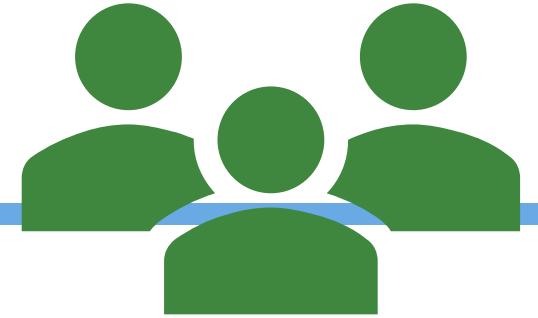
it is likely that most are not truly aware of the pressures on management.



[Risk] is often discussed at committee meetings in the presence of audit staff and county management.



Composition and Quality



Are potential members really found via a variety of sources? Also, the qualifications the County is looking for may be too narrow.

No formal continuing education process

Aaron does a great job of this

Not aware of a "formal" succession plan but audit staff and County Human Resources have processes in place that historically have minimized vacancies within the committee.



Communication

[tone at the top] Internal Audit, definitely. Not sure about the Audit Committee? I would be interested to hear the County Administrator's thoughts about it.

Some meetings have been held at County locations such as Community Development and the County Landfill. We also had a tour of the County Jail. I really like this aspect of our meetings.

Consider providing contemporaneous communication to the audit committee with relevant press releases and changes, not just at meetings.

I don't recall site visits being conducted.

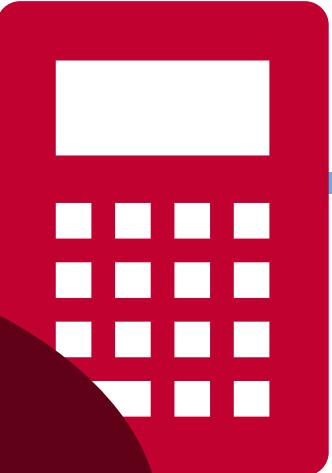


Oversight Financial Reporting

To my knowledge, the Committee has never performed a comprehensive review or assessment of the County's Internal Controls.

Either there have been no policy changes, they have not been presented to the Committee, or I just do not remember.

During external audit presentation, let's consider asking the auditors to review the status of prior year recommendations with the Committee.



Oversight Audit



I do not remember ever having this discussion. [Fees to auditor]

The committee was involved with the selection of the newly appointed External Auditors.

I do not remember ever having this discussion. [Non-audit services]

We do?? I have always assumed the [Auditor] reporting structure was determined by the Board or Administrator.



March Meeting: Bring Ideas

Change
Processes

Understand
Risk

Committee
Composition

Improve
Communication

External Audit

Internal Audit

