

Appendix 1

Resolutions

RESOLUTION NO. R- 2005-0372

A RESOLUTION OF THE PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS SETTING FORTH THE DUTIES AND RESPONSIBILITIES OF THE INTERNAL AUDITOR AND THE INTERNAL AUDITOR'S OFFICE; REDUCING THE SIZE OF THE AUDIT COMMITTEE; REPEALING RESOLUTION NO. R-87-1226, AS AMENDED BY RESOLUTIONS R-89-61, R-91-970, R-92-1763 AND R-92-1893, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the office of Internal Auditor has been established by the Charter of Palm Beach County, Florida; and

WHEREAS, it is vital that government exercise its power and perform its duties in compliance with law, policy, and established procedures; apply sound management practices, and be held accountable for the use of public funds; and

WHEREAS, the Internal Auditor should serve the Palm Beach County Board of County Commissioners (the "Board") in a manner consistent with Generally Accepted Governmental Auditing Standards as promulgated by the Government Accountability Office (GAO); and

WHEREAS, an Audit Committee has been established to oversee the Internal Auditor on behalf of the Board; and

WHEREAS, the original resolution governing the internal audit function is 17 years old and in need of modernization to reflect the current environment of governmental auditing; and

WHEREAS, internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the governments operations by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, controls, and governance process.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that:

SECTION 1 – GENERAL MATTERS

- A. The Internal Auditor shall be named through appointment by a majority vote of the entire membership of the Board.
- B. The Internal Auditor shall be a person able to manage a professional audit staff, analyze financial records, and evaluate operations for economy, efficiency, program results, and compliance with Board direction, policies, and procedures.
- C. The Internal Auditor shall not be actively involved in any political campaign for Palm Beach County elective office nor make financial contributions to any such campaign.
- D. The Internal Auditor must be a Certified Public Accountant licensed in Florida or a Certified Internal Auditor and must currently possess and maintain active licensure and certification. The Internal Auditor must also maintain active membership in the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants or the Institute of Internal Auditors.
- E. The Internal Auditor will adhere to Generally Accepted Governmental Auditing Standards as promulgated by the Government Accountability Office.
- F. Unless specifically directed by the Board, the Internal Auditor shall not assume any non-audit duties or responsibilities except as enumerated herein.
- G. All employees of the Board and all employees of the Clerk and Comptroller shall furnish the Internal Auditor with requested information and records within their custody for the purposes of conducting an audit or other official duties established by this resolution.
- H. Sufficient funds shall be provided to carry out the responsibilities specified herein, subject to normal budgetary constraints. The Internal Auditor's performance and salary shall be reviewed and recommended annually by the Audit Committee and approved by the Board as part of the contract renewal process.

SECTION 2 – AUDIT COMMITTEE

- A. An Audit Committee is hereby established to consult with the Internal Auditor regarding technical issues and to assure maximum coordination between the work of the Internal Auditor's Office and the needs of the Board, the County, the County Administration and the Clerk and Comptroller.

B. The Audit Committee will consist of seven voting members. Three appointed by the Board including one County Commissioner and two citizens; the County Administrator or designee; the Clerk and Comptroller or designee; the Sheriff or designee and one member selected by the Board sitting as the governing body of the Palm Beach County Solid Waste Authority. The Audit Committee shall meet quarterly or at the request of one or more of its members and be responsible for:

(1) Providing general direction to the internal audit function by reviewing and approving the Internal Auditor's annual audit plan and any modifications thereto;

(2) Reviewing internal audit reports;

(3) Reviewing the external auditors' Management Letter for the departments and agencies under the BCC and approving the assignment of corrective action responsibilities;

(4) Reporting no less than annually to the Board on the performance of the Internal Auditor and the effectiveness of the Internal Audit function; and

(5) Acting as a selection committee to interview applicants, negotiate a contract, and make recommendations to the Board for hiring an Internal Auditor if the position should become vacant.

C. The Citizen members of the Audit Committee will be appointed at large by the Board based upon the recommendation of the Audit committee. The Citizen members should be familiar with financial statements and generally accepted accounting principles; operational issues associated with management control systems and procedures; and internal and external audit considerations of large local governments or similar large businesses.

SECTION 3 – INTERNAL AUDITOR RESPONSIBILITIES

A. The Internal Auditor shall have such assistants and employees as are necessary to perform the duties enumerated herein, subject to normal budgetary constraints. The Internal Auditor's employees shall be Merit System employees.

B. Scope of Audits.

(1) The Internal Auditor shall have authority to conduct audits of all departments, offices, boards, activities, and agencies under the control of the Board. Such audits may include operational, compliance, performance, management and other audits which are intended to provide reasonable assurance of achievement of objectives in the following areas:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of financial and other reports; and
- (c) Compliance with applicable laws and regulations.

(2) The Internal Auditor may not develop or implement controls in any areas of County operations. The development and implement of controls is the responsibility of the Board and Management. The Internal Auditor may serve in an advisory capacity to Management in the development of controls.

(3) The Internal Auditor or any of the employees of the Internal Auditor's Office shall not conduct or supervise an audit of an activity for which he/she was responsible or within which he/she was employed during the preceding two years.

(4) The Internal Auditor may conduct audits of County Constitutional Officers and other governmental agencies subject to approval by the Audit Committee under the provisions of Section 3_C – Annual Audit Plan below and subject to Board approval of an interlocal agreement with the constitutional officer or agency.

C. Annual Audit Plan

(1) At the beginning of each calendar year, the Internal Auditor shall submit an annual audit plan to the Audit Committee for review and comment. The plan shall include the departments, offices, boards, activities, and programs scheduled for audit during the year and will include any additional duties to be performed in accordance with Section 3 H – Additional Duties of this resolution. This plan may be amended during the year by the Audit Committee or as provided in Section 3 D – Special Audits of this resolution. Additionally, the Internal Auditor may initiate and conduct any other audit deemed necessary to undertake after written notification to and approval by the Audit Committee.

(2) In the selection of audit areas, the determination of audit scope, and the timing of the audit work, the Internal Auditor should consult with federal and state auditors and independent auditors so that the desirable audit coverage is provided and audit effort may be properly coordinated.

D. Special Audits.

(1) The Board or the Audit Committee may request the Internal Auditor to perform a special audit. Special audits requested by a member of the Board must be approved by the Board at a regularly scheduled Board meeting or referred by the Board to the Audit Committee for consideration. If approved by the Audit Committee, special audits may also be performed for the County Administrator or the Clerk and Comptroller. Such special audits will become an amendment to the annual audit plan.

(2) The Internal Auditor shall submit the special audit report to the Audit Committee for approval prior to distribution.

E. The Internal Auditor shall retain a complete file of all audit reports, audit work papers, and other supportive material in accordance with record retention requirements established by State law. In no instance shall such record be disposed of sooner than three years from the date of the report.

F. Audit Reports.

(1) Each audit will result in a written report. Audit reports will be numbered sequentially by year, and the Internal Auditor will maintain a cross-reference of audit reports by department and/or program.

(2) The Internal Auditor will provide a draft of the audit report to the audited agency for review and comment regarding factual information before the report is finalized and released. The head of the audited agency must respond in writing specifying agreement with audit findings and recommendations or reasons for disagreement, plans for implementing solutions to identified problems, and a timetable to complete such activities. The response must be forwarded to the Internal Auditor within two weeks. The Internal Auditor will include the full text of the response in the final report.

(3) The Internal Auditor shall submit copies of the final audit report to the audited agency after approval by the Audit Committee and shall retain a copy as a permanent record. Reports with significant findings shall also be provided to the Board based on the Audit Committee's evaluation and recommendation.

(4) The report will contain the professional conclusions of the Internal Auditor regarding the activities audited. The Internal Auditor shall include in the audit reports:

- (a) a precise statement of the scope of the audit;
- (b) a statement that the audit was performed in accordance with generally accepted government auditing standards, if appropriate;
- (c) a statement that an examination for compliance with applicable laws, policies, and regulations was conducted, and presentation of the findings associated with that examination, if appropriate;
- (d) a summary of findings, including a statement of the underlying cause, evaluative criteria used, and the current and prospective significance of the findings;
- (e) a statement that internal control systems were examined and a report of any material weaknesses found in the internal control systems, if appropriate;
- (f) statements of response submitted by the audited agency relevant to the audit findings;

- (g) a concise statement of the corrective actions already taken as a result of the audit findings or on the auditee's own initiative; and
- (h) recommendations for additional necessary or desirable action.

G. If the Internal Auditor detects apparent violations of law or apparent instances of misfeasance or nonfeasance by an officer or employee or information that indicates derelictions may be reasonably anticipated, the Internal Auditor shall report the irregularities in writing to the Board, the County Administrator, and the Audit Committee. If the irregularity may be criminal in nature, the Internal Auditor shall immediately notify the appropriate chief prosecuting authority in addition to those previously cited.

H. Additional Duties.

In addition to the audit functions described above, the Internal Auditor shall be responsible for the additional duties described below. Any reports resulting from the performance of these duties shall be handled in accordance with the requirements of Section 3 F - Audit Reports of this resolution.

(1) Providing available staff or other assistance to the external auditors in order to reduce the cost of the countywide audit.

(2) Providing an auditor to conduct audits of Airport lease and concession agreements. The Department of Airports will absorb the cost of such audits.

(3) Assisting in clearing items in the external auditors' Management Letter.

(4) Providing advice and assistance in the preparation of policy and procedures manuals by all departments and offices under the control of the Board and reviewing the adequacy of policies and procedures relating to financial controls. In order to maintain independence, the Internal Auditor shall have no responsibility for the actual preparation of the manuals.

(5) As time permits, providing assistance to other offices in County government in identifying and recommending improvements in internal control or major problem areas.

SECTION 4 - REPEAL OF PRIOR RESOLUTIONS.

Resolution R-87-1226 and amending Resolutions R-89-61, R-91-970, R-92-1763 and R-92-1893 are hereby repealed.

SECTION 5 - EFFECTIVE DATE.

This resolution shall take effect immediately upon its adoption.

The foregoing resolution was offered by Commissioner _____ who moved its adoption. The motion was seconded by Commissioner _____ and upon being put to a vote, the vote was as follows:

Commissioner Tony Masilotti, Chairman	_____
Commissioner Addie L. Greene, Vice Chairperson	_____
Commissioner Karen T. Marcus	_____
Commissioner Jeff Koons	_____
Commissioner Warren H. Newell	_____
Commissioner Mary McCarty	_____
Commissioner Burt Aaronson	_____

The Chair thereupon declared the resolution duly passed and adopted this ____ day of _____, 2005.

**BY ITS
COMMISSIONERS

COMPTROLLER**

**PALM BEACH COUNTY, FLORIDA,
BOARD OF COUNTY

SHARON R. BOCK, CLERK &**

By: _____
Deputy Clerk

**APPROVED AS TO FORM
AND LEGAL SUFFICIENCY**