

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: March 3, 2026

Approx. Start Time: 3:00PM

Approx. Length: 30 minutes

Presentation Title: County Internal Auditor Code Amendments

Department: Office of County Internal Audit

Presenters: Jodi Cochran, County Internal Auditor

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Board advancement of County Code amendments to reinforce the independence of the County's internal auditor.

EXECUTIVE SUMMARY:

The proposed Code amendment reinforces the organizational independence of the Office of County Internal Audit through two significant changes:

- ✓ Decreasing the Internal Audit Oversight Committee from seven members to five, reclassifying the County Administrator and County Counsel as participants and not voting members.
- ✓ Adding a section to define the Internal Audit Administrator role and its general objectives, authority and responsibilities, clarifying the dual-reporting structure governing the Office of County Internal Audit.

The amendment enhances the Board's commitment to an independent internal audit function, as well as meets professional and industry standards.

Background

Chapter 2.15: County Internal Auditor, established in 2020, created the Office of County Internal Audit. The Office is an independent function designed to add value and help Clackamas County achieve its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of County governance, risk management and control processes. The Office does this by:

- ✓ applying the Global Internal Audit Standards developed by the Institute of Internal Auditors, an international professional organization through which county internal auditors are accredited.
- ✓ organizing under a dual-reporting structure of functional oversight and administrative reporting.

County Code states the County Internal Auditor reports functionally to the Internal Audit Oversight Committee and administratively to the County Treasurer in the role of Internal Audit Administrator. As defined in County Code, the seven members of the Internal Audit Oversight Committee are:

- ✓ The Chair of the Board of County Commissioners
- ✓ The Vice-chair of the Board of County Commissioners
- ✓ The County Administrator
- ✓ The County Counsel
- ✓ Three community members

This dual-reporting structure creates organizational independence for the internal audit function. It facilitates direct and unrestricted access to “all things Clackamas County.” It also supports a service environment free from conditions that threaten the County Internal Auditor’s ability to maintain objectivity and apply professional standards with integrity.

The Global Internal Audit Standards require an external assessment of internal audit shops every five years. The auditors get audited. In 2025, Clackamas County’s Office of County Internal Audit was assessed and received the highest possible rating, noting the Office’s conformance with professional standards and best practices. To position the Office for continued compliance with the Global Internal Audit Standards, it was recommended the County “elevate the governance structure [of the Office of County Internal Audit] to reinforce organizational independence and professionalism.”

The proposed amendments to County Code directly respond to specific recommendations aimed at strengthening the independence of the Internal Audit Oversight Committee and clarifying administrative reporting roles. The audit of the auditors observed:

- ✓ A conflict of interest, perceived or real, could exist if the County Administrator votes on the approval of an audit plan designed to assess departments, programs, and services directly under the Administrator’s operational authority.
- ✓ A conflict of interest, perceived or real, could exist if the County Counsel votes on the approval of an audit plan designed to assess programs and services directly under the Counsel’s operational authority or for which County Counsel has offered legal advice.
- ✓ A lack of understanding of the dual-reporting nature, specifically of the administrative roles and responsibilities, could lead to a perceived conflict of interest and misunderstanding of the authority to direct the Office of County Internal Audit activities and its overall independence.

During its meetings on October 29, 2025, and January 14, 2026, the Internal Audit Oversight Committee reviewed the recommendations and developed the proposed amendments to County Code. The Internal Audit Oversight Committee voted unanimously to present the proposed amendments to the Clackamas County Board of County Commissioners for consideration.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? \$ None. What is the funding source? N/A

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department’s Strategic Business Plan goals?

The purpose of the Office of County Internal Audit is to provide assurance, advisory and investigative services to the public, employees, offices and departments of Clackamas County so they can feel confident that the public’s interests are protected and can engage with an accountable, high-performing and transparent local government.

Maintaining the highest compliance rating with the Institute of Internal Auditors’ Global Internal Audit Standards supports this purpose and is a key performance result.

The Office of County Internal Audit has received a recommendation to reinforce organizational independence and professionalism to maintain these high standards and successfully achieve the highest compliance rating when evaluated again in 2030. Amending County Code 2.15: County Internal Auditor will directly demonstrate the county's commitment to an independent, model internal audit function.

- How does this item align with the County's Performance Clackamas goals?

Reinforcing the organizational independence of this County resource demonstrates a commitment to the County's strategic priority of Public Trust in Good Government.

LEGAL/POLICY REQUIREMENTS:

N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:

The Office of County Internal Audit engages with every aspect of county government at all levels – across departments and programs and along management/staff lines – identifying best practices, areas for improvement, and risks to be evaluated.

The Office of County Internal Audit formally communicates with county employees, partners, stakeholders, and residents through the public Office website. Audit reports and activity updates are provided for consideration. The County Internal Auditor is available in person, by phone, and through email to field questions, concerns, and observations regarding the county's governance, risk management, and control processes and ways to improve the county's effectiveness and efficiency.

With Board support, public feedback addressing the proposed revisions to County Code Chapter 2.15: County Internal Auditor will be solicited during public readings.

OPTIONS:

1. Approve the revisions to County Code Chapter 2.15 as presented and direct staff to schedule the first required public hearing for adoption.
2. Approve the revisions to County Code Chapter 2.15 with additional edits and direct staff to schedule the first required public hearing for adoption.
3. Direct staff to return to the Board for further review at a future policy session.

RECOMMENDATION:

1. Approve the revisions to County Code Chapter 2.15 as presented and direct staff to schedule the first required public hearing for adoption.

ATTACHMENTS:

Exhibit A: Proposed Code Amendment – Chapter 2.15: County Internal Auditor, clean version

Exhibit B: Proposed Code Amendment – Chapter 2.15: County Internal Auditor, redline version

SUBMITTED BY:

Division Director/Head Approval ___ Jodi Cochran, County Internal Auditor



Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Jodi Cochran, County Internal Auditor @ 971.352.1644

Chapter 2.15
2.15 COUNTY INTERNAL AUDITOR

2.15.010 Office of County Internal Audit

The Office of County Internal Audit is created and the person holding that office shall act as the head of the internal audit function for the County. The Office consists of the County Internal Auditor and such subordinate employee positions as the Board of County Commissioners may provide. It is the policy of Clackamas County to maintain the Office of County Internal Audit as a means of providing independent and objective assurance, advisory and investigative services designed to add value and improve Clackamas County's operations through improved performance and efficacy of governance, risk management, and control processes.

This code establishes the general authority and responsibility of the Office of County Internal Audit, the Internal Audit Oversight Committee and the Internal Audit Administrator. It supersedes any other internal audit charter or code.

2.15.020 Appointment of County Internal Auditor

The County Internal Auditor shall be appointed by or dismissed by the Internal Audit Administrator in consultation with the Internal Audit Oversight Committee.

2.15.030 Qualifications

The County Internal Auditor shall possess adequate professional proficiency. Preference will be given to those applicants holding at least one of the following designations: Certified Public Accountant, Certified Internal Auditor, or Certified Fraud Examiner.

2.15.040 Independence

- A. The County Internal Auditor has neither a management nor a policy role; and no operational authority nor responsibility. The County Internal Auditor provides independent and objective information about County programs and services.
- B. The County Internal Auditor governs the office by adherence to the Institute of Internal Auditor's *International Professional Practices Framework* and its Global Internal Audit Standards. The office will be considered independent as defined by that framework and shall remain free of influence by any organizational elements.
- C. The County Internal Auditor reports functionally to the Internal Audit Oversight Committee and administratively to the Internal Audit Administrator.

2.15.050 Authority

- A. The County Internal Auditor is authorized to examine and evaluate the operations and activities of any office, department, political subdivision, or organization which receives appropriations from the Board of County Commissioners, or for which governing bodies are appointed by the Board of County Commissioners.

- B. The County Internal Auditor is authorized to perform special reviews and investigate allegations of fraud, waste, abuse, or misuse of County assets and resources.
- C. The County Internal Auditor shall have full, free and unrestricted timely access to all information, records, property, and personnel required to conduct an audit or otherwise perform audit duties, including confidential and legally privileged information and records so long as privilege is not waived as to third parties.
- D. The County Internal Auditor shall have full, free and unrestricted access to all contractually required financial and performance-related records; and property, equipment and services purchased in whole or in part with County funds, in custody of County contractors and subcontractors.
- E. The County Internal Auditor has the authority to request reasonable assistance from appropriate County personnel in acquiring requested records, documents and files, as well as inspection and entry privileges to all assets owned, leased, or borrowed by the County.

2.15.060 Confidential Information

The County Internal Auditor shall not disclose confidential or legally privileged information and records to the extent allowed by law. The County Internal Auditor shall maintain the confidentiality of information submitted in confidence and the identity of the provider of such information to the extent allowed by law, except as the County Internal Auditor deems necessary to discharge the Auditor's duties or as directed by the appropriate legal authority pursuant to a public records request or by a court of competent jurisdiction.

2.15.070 Duties

The County Internal Auditor shall perform all day-to-day functions necessary for the independent administration and management of the Office of County Internal Audit. Such duties include but are not limited to:

- A. Develops and implements policies and procedures for the Office of County Internal Audit in compliance with the Institute of Internal Auditor's International Professional Practices Framework and its Global Internal Audit Standards.
- B. Delivers assurance, advisory and investigative services to the Board of County Commissioners and County Administrator, including financial and performance audits of any office, department, political subdivision, or organization which receives appropriations from the Board of County Commissioners, or for which governing bodies are appointed by the Board of County Commissioners.
- C. Advises the Board of County Commissioners, County Administrator, and County departments on the continuous improvement of county governance, risk management, and control processes.
- D. Makes recommendations to the Board of County Commissioners, County Administrator, and County departments to enhance the security of county assets, accuracy and reliability of financial and operational information, compliance with legal and regulatory

requirements, quality of county services and programs, and the results achieved using tax dollars and other public resources.

- E. Provides final audit reports to the public, Board of County Commissioners, County Administrator, and County departments, as allowed by public records law.
- F. Selects, appoints, directs, supervises, disciplines and dismisses all Office of County Internal Audit staff consistent with County policies and procedures.

2.15.080 Internal Audit Oversight Committee

- A. The Internal Audit Oversight Committee objectives are to ensure the Office of Internal Audit is independent and to promote the effectiveness and integrity of the Office.
- B. The Internal Audit Oversight Committee shall be comprised of five members, as follows:
 - a. Chair of the Board of County Commissioners,
 - b. One member of the Board of County Commissioners selected by the Board of County Commissioners for a term of twenty-four (24) months, and
 - c. Three members of the community appointed by the Internal Audit Administrator from a list of nominees submitted by the County Internal Auditor, for a term of twenty-four (24) months.
- C. The County Administrator and the County Counsel shall participate as guests at Internal Audit Oversight Committee meetings.
- D. The Internal Audit Oversight Committee shall perform functions necessary to meet its objectives. Such duties include but are not limited to:
 - a. Adopts an Internal Audit Oversight Committee charter and bylaws.
 - b. Approves the Office of County Internal Audit charter.
 - c. Reviews the County Internal Auditor's performance and compliance with Global Internal Audit Standards through independent external quality assessments.
 - d. Provides input regarding decisions to appoint or remove the County Internal Auditor prior to such actions.
 - e. Recommends internal audit priorities to the County Internal Auditor and approves a risk-based audit plan and the associated resource allocations.
 - f. Ensures the County Internal Auditor is not subjected to undue influence or unreasonable restrictions.
 - g. Receives and reviews audit reports.
 - h. Evaluates management's responses to audit recommendations and noted opportunities for improvement.
 - i. Facilitates transparent communication between the County Internal Auditor, County Administrator, and Board of County Commissioners.

2.15.90 Internal Audit Administrator

- A. The Internal Audit Administrator objectives are to ensure the Office of Internal Audit is independent and to promote the effectiveness and integrity of the Office.
- B. The elected County Treasurer shall serve as the Internal Audit Administrator.
- C. The Internal Audit Administrator shall participate as a guest at Internal Audit Oversight Committee meetings.
- D. The Internal Audit Administrator shall perform functions necessary to meet its objectives. Such duties include but are not limited to:
 - a. Adopts the Office of County Internal Audit charter.
 - b. Facilitates the Office of County Internal Audit budgetary processes.
 - c. Administers county personnel activities supporting the County Internal Auditor position, including the appointment and removal of the County Internal Auditor with input from the Internal Audit Oversight Committee prior to such actions.
 - d. Reviews the County Internal Auditor’s performance and compliance with Global Internal Audit Standards
 - e. Ensures no unreasonable budgetary or access restrictions are placed on the County Internal Auditor.
 - f. Facilitates transparent communication between the County Internal Auditor, County Administrator, and Board of County Commissioners.

Chapter 2.15

2.15 COUNTY INTERNAL AUDITOR

2.15.010 Office of County Internal Audit

The Office of County Internal Audit is created and the person holding that office shall act as the head of ~~the~~ internal audit ~~function~~ for the County. The ~~O~~office consists of the County Internal Auditor and such subordinate employee ~~positions~~ as the Board of County Commissioners may provide. It is the policy of Clackamas County to maintain the Office of County Internal Audit as a means of providing independent ~~and~~ objective assurance, ~~and consulting advisory and investigative~~ services designed to add value and improve Clackamas County's operations through improved performance and efficacy of governance, risk management, and control processes.

This code establishes the general authority and responsibility of the Office of County Internal Audit, ~~and~~ the Internal Audit Oversight Committee ~~and the Internal Audit Administrator~~. It supersedes any other ~~Internal internal Audit audit~~ charter or code.

2.15.020 Appointment of County Internal Auditor

The County Internal Auditor shall be appointed by or dismissed by the ~~County Treasurer~~ ~~Internal Audit Administrator~~ in consultation with ~~the County Administrator and~~ the Internal Audit Oversight Committee.

2.15.030 Qualifications

The County Internal Auditor shall possess adequate professional proficiency. Preference will be given to those applicants holding at least one of the following designations: Certified Public Accountant, Certified Internal Auditor, or Certified Fraud Examiner.

2.15.040 Independence

- A. The County Internal Auditor has neither a management nor a policy role; and no operational authority nor responsibility. ~~Rather the~~ ~~The~~ County Internal Auditor provides independent and objective information about County programs and services.

- B. The County Internal Auditor governs the office by adherence to the Institute of Internal Auditor's *International Professional Practices Framework* and its ~~mandatory guidance~~ Global Internal Audit Standards. The office will be considered independent as defined by that framework and shall remain free of influence by any organizational elements.
- C. The County Internal Auditor reports functionally to the Internal Audit Oversight Committee and administratively to the ~~elected County Treasurer~~ Internal Audit Administrator.
~~C. – If the office conducts an audit of an activity for which the County Treasurer is or was responsible, the audit scope will state that the auditors are not organizationally independent with regard to the entity being audited.~~

2.15.050 Authority

- A. The County Internal Auditor is authorized to examine and evaluate the operations and activities of any office, department, political subdivision, or organization which receives appropriations from the Board of County Commissioners, or for which governing bodies are appointed by the Board of County Commissioners.
- B. The County Internal Auditor is authorized to perform special reviews and investigate allegations of fraud, waste, abuse, or misuse of County assets and resources.
- C. The County Internal Auditor shall have full, free and unrestricted timely access to all information, records, property, and personnel required to conduct an audit or otherwise perform audit duties, including confidential and legally privileged information and records so long as privilege is not waived as to third parties.
- D. The County Internal Auditor shall have full, free and unrestricted access to all ~~contractually required~~ contractually required financial and performance-related records; and property, equipment and services purchased in whole or in part with County funds, in ~~the custody~~ custody of County contractors and subcontractors.
- E. The County Internal Auditor has the authority to request reasonable assistance from appropriate County personnel in acquiring requested records, documents

and files, as well as inspection and entry privileges to all assets owned, leased, or borrowed by the County.

2.15.060 Confidential Information

The County Internal Auditor shall not disclose confidential or legally privileged information and records to the extent allowed by law. The County Internal Auditor shall maintain the confidentiality of information submitted in confidence and the identity of the provider of such information to the extent allowed by law, except as the County Internal Auditor deems necessary to discharge the Auditor’s duties or as directed by the appropriate legal authority pursuant to a public records request or by a court of competent jurisdiction.

2.15.070 Duties

The County Internal Auditor shall perform all day-to-day functions necessary for the independent administration and management of the Office of County Internal Audit. Such duties include but are not limited to:

- A. Develops and implements policies and procedures for the Office of County Internal Audit in compliance with the Institute of Internal Auditor’s International Professional Practices Framework and its Global Internal Audit Standardsmandatory guidance.
- B. Delivers assurance, ~~and consulting advisory and investigative~~ services to the Board of County Commissioners and County Administrator, including financial and performance audits of any office, department, political subdivision, or organization which receives appropriations from the Board of County Commissioners, or for which governing bodies are appointed by the Board of County Commissioners.
- C. Advises the Board of County Commissioners, County Administrator, and County departments on the continuous improvement of County-county governance, risk management, and control processes.
- D. Makes recommendations to the Board of County Commissioners, County Administrator, and County departments to enhance the security of county assets, accuracy and reliability of financial and operational information, compliance with legal and regulatory requirements, quality of county

- services and programs, and the results achieved ~~through the use of~~ using tax dollars and other public resources.
- E. Provides final audit reports to the public, Board of County Commissioners, County Administrator, and County departments, as allowed by public records law.
 - F. Selects, appoints, directs, supervises, disciplines and dismisses all Office of County Internal Audit staff consistent with County policies and procedures.

2.15.080 Internal Audit Oversight Committee

- A. The Internal Audit Oversight Committee objectives are to ensure the Office of Internal Audit is independent and to promote the effectiveness and integrity of the Office.
- B. The Internal Audit Oversight Committee shall be comprised of ~~seven~~ five members, as follows:
 - a. Chair of the Board of County Commissioners,
 - b. ~~One Vice Chair of the~~ member of the Board of County Commissioners selected by the Board of County Commissioners for a term of twenty-four (24) months, and
 - ~~c. County Counsel,~~
 - ~~d. County Administrator, and~~
 - ~~e.c.~~ Three members of the community appointed by the County Treasurer Internal Audit Administrator from a list of nominees submitted by the County Internal Auditor, for a term of twenty-four (24) months.
 - ~~f. The County Treasurer may serve as a non-voting member.~~
- ~~C.~~ The County Administrator and the County Counsel shall participate as guests at Internal Audit Oversight Committee meetings.
- ~~C.D.~~ The Internal Audit Oversight Committee shall perform functions necessary to meet its objectives. Such duties include but are not limited to:
 - a. Adopts an Internal Audit Oversight Committee charter and bylaws to allow the Internal Audit Oversight Committee to perform its necessary functions in an open, orderly, and transparent manner.
 - b. Approves the Office of County Internal Audit charter and recommends charter for Board of County Commissioners adoption.

- c. Reviews the County Internal Auditor’s performance and compliance with Global Internal Audit Standards through independent external quality assessments.
- a.d. Provides input regarding decisions to appoint or remove the County Internal Auditor prior to such actions.
- b.e. Recommends internal audit priorities to the County Internal Auditor and approves a risk-based audit plan and the associated resource allocations.
- f. Ensures the County Internal Auditor is not subjected to undue influence or unreasonable restrictions.
- c.g. ~~Reviews and analyzes~~ Receives and reviews all audit reports.
- d.h. Evaluates management’s responses to audit recommendations and noted opportunities for improvement.
- e. ~~Ensures no unreasonable restrictions are placed on the County Internal Auditor.~~
- f.i. Facilitates transparent communication between the County Internal Auditor, County Administrator, and Board of County Commissioners.
- ~~g.a. Adopt bylaws to allow the Internal Audit Oversight Committee to perform its necessary functions in an open, orderly, and transparent manner.~~

2.15.90 Internal Audit Administrator

- A. The Internal Audit Administrator objectives are to ensure the Office of Internal Audit is independent and to promote the effectiveness and integrity of the Office.
- B. The elected County Treasurer shall serve as the Internal Audit Administrator.
- C. The Internal Audit Administrator shall participate as a guest at Internal Audit Oversight Committee meetings.
- D. The Internal Audit Administrator shall perform functions necessary to meet its objectives. Such duties include but are not limited to:
 - a. Adopts the Office of County Internal Audit charter.
 - b. Facilitates the Office of County Internal Audit budgetary processes.

- c. Administers county personnel activities supporting the County Internal Auditor position, including the appointment and removal of the County Internal Auditor with input from the Internal Audit Oversight Committee prior to such actions.
- d. Reviews the County Internal Auditor’s performance and compliance with Global Internal Audit Standards
- e. Ensures no unreasonable budgetary or access restrictions are placed on the County Internal Auditor.
- f. Facilitates transparent communication between the County Internal Auditor, County Administrator, and Board of County Commissioners.