



For Recording Stamp Only

Minutes of the Meeting of the
Deschutes County Audit Committee

Date: December 12, 2025

Location: Deschutes County Services Building, Barnes and Sawyer Room and via Zoom
 1300 NW Wall Street, Bend, OR 97703

x	Facilitator: Elizabeth Pape, County Internal Auditor		
Audit Committee Public Members (6 members)			
x	Daryl Parish, Chair	x	Phil Anderson (12:57 p.m. arrival)
x	Jodi Burch (via Zoom)		Liz Foott
x	Joe Healy	x	Kristin Toney
Audit Committee County Management Members (3 members)			
x	Patti Adair, County Commissioner	x	Steve Dennison, County Clerk
x	Lee Randall, Facilities Director		
Others Present:			
x	Tony DeBone, Commissioner	x	Phil Chang, Commissioner
x	Erik Kropp, Deputy County Administrator	x	Whitney Hale, Deputy County Administrator
x	Jana Cain, Controller	x	Holly Harris, Director Health Services
x	Cheryl Smallman, Business Manager Health Services	x	Emily Burkesmith, Executive Assistant Health Services
x	Heather Kaisner, Director Public Health	x	Susan DeJoode, Human Resources Director
x	Angie Powers, BOCC Administrative Assistant	x	Kevin Mullerleile, Baker Tilly (via Zoom)
x	Amanda Moore, Baker Tilly (via Zoom)		

This HYBRID meeting was held virtually via Zoom virtual meeting platform, and in the Barnes and Sawyer room of the Deschutes County Services Building.

I. Call to Order: Joe Healy called the meeting to order at 12:06 p.m.

II. Introductions & Notices:

III. Approval of Minutes from the October 10, 2025 meeting

Motion: Joe Healy moved approval of the October 10, 2025 Audit Committee meeting minutes

Second: Kristin Toney seconded the motion

Votes: All yes. Motion carried.

IV. Special Topics

a) **Annual Comprehensive Financial Report – Baker Tilly and Jana Cain**

Amanda Moore and Kevin Mullerleile introduced themselves, and recognized Ashley Osten and Mikayla Mehl as other members of the team tasked with conducting the County's annual external audit. Responding to Commissioner DeBone, Mullerleile and Moore indicated this is the fourth year Baker Tilly (previously Moss Adams) has conducted the County's external audit.

Moore and Mullerleile shared a series of slides summarizing the results of the County's external audit for the fiscal year ending June 30, 2025.

Moore summarized the scope of the audit. Included were audits of the County's Annual Comprehensive Financial Report (ACFR) and federal awards, the 9-1-1 Service District, Countywide Law Enforcement District, Extension/4H Service District, Road Agency and Rural Law Enforcement Districts. Moore noted that the audit of two federal award programs will not be covered today, due to a delay in receiving an OMB compliance supplement necessary for this audit area.

Moore summarized the nature of services provided and significant audit areas. The County's financial statements are audited under two standards, GAGAS (Generally Accepted Government Auditing Standards or "Yellow Book") and GAAS (Generally Accepted Auditing Standards). An additional report is then issued for the County's internal controls, and Moore noted that this report does not express an opinion over the effectiveness of the County's internal controls, but if there were any findings these would be included in the report.

Mullerleile spoke about the audit results. Unmodified (clean) opinions were issued on the County's and all component units' financial statements. There were no findings to report under Government Auditing Standards, meaning there were no reportable findings (no significant deficiencies or material weaknesses in internal controls, no noncompliance with GAGAS). Under the Oregon Minimum Audit Standards Report, there was no noncompliance to report. The Single Audit Report has yet to be issued, due to the timing of the receipt of the OMB compliance supplement.

Mullerleile discussed required communications, as outlined on a slide.

A difficulty encountered when performing the audit was remote access to Munis. The County and Baker Tilly have several firewalls which required coordination. Moving forward, the desire is to make this process more efficient.

Mullerleile covered two new accounting statements for next year's audit, including GASB Statement 103: Financial Reporting Model Improvements, and GASB Statement 104: Disclosure of Certain Capital Assets. Related to GASB Statement 103, proprietary and internal service funds will be impacted, as they relate to non-operating revenues and expenses. If the item does not meet the definitions, it will need to be classified as operating revenues and expenses. Subsidies will be a new category under non-operating revenues and expenses.

Mullerleile thanked the County's Finance team for their facilitation. Audit reports will be issued for the component districts today.

Jana Cain stated her intent to have the Tyler Munis ERP access issue worked out before next year's audit. She is pleased that financial statements will be started sooner due to a new process, and she will no longer have to wait until June or July to work on them.

Chair Parish, Erik Kropp and Commissioner DeBone each thanked Baker Tilly and the Finance team for their hard work.

Responding to Kristin Toney, Mullerleile said the single audit report will be issued in January and is not due until March 31.

b) Audit Committee Chair and Vice Chair Elections

Note: Due to an audio issue with remote attendees at the start of the meeting, this item took place prior to the Annual Comprehensive Financial Report discussion.

Nomination for Audit Committee Chair

Motion: Joe Healy nominated Daryl Parish as Audit Committee Chair for 2026

Second: Kristin Toney seconded the motion

Votes: All yes. Motion passed.

Nomination for Audit Committee Vice Chair

Motion: Daryl Parish nominated Joe Healy as Audit Committee Vice Chair for 2026

Second: Kristin Toney seconded the motion

Votes: All yes. Motion passed.

c) Audit Committee Annual Report

Chair Parish shared that this report is issued to the County Commissioners by the Audit Committee each year. He covered some of the report's highlights. The Audit Committee is fully staffed. Five audits were completed this year, accomplished with only one staff member in the Office of Internal Audit. Additionally, several follow-up audits took place. He commented on the Office's loss of 1.0 FTE Performance Auditor.

Related to audit findings, management has resolved 35% of recommendations and are in the process of completing 58%. For various reasons, 7% of the recommendations are not going to be implemented. Staff data on hours spent on different work activities is included in the report. The report includes some additional comments related to push back from management related to completing work.

Commissioner DeBone referred to the letter penned by Chair Parish which appears as the first page of the Audit Committee 2025 Accomplishments Report and acknowledged a cultural disconnect. He noted that Chair Parish and Internal Auditor (hereafter, Auditor) Elizabeth Pape recently spoke with the Board of Commissioners (BOCC) at a Work Session. Chair Parish said that in a perfect world, the Auditor would receive

unfiltered access to all requested information, and he doesn't believe that County Code should be revised nor the independent nature of the Auditor reduced.

Responding to Toney, a brief discussion ensued related to a perceived shift in the Office of Internal Audit and the types of audits performed. Chair Parish said the Auditor no longer reports to the County Administrator, but rather to the Audit Committee.

Commissioner Chang acknowledged that the Office of Internal Audit is experiencing strain with regards to expectations and relationships. Rewriting County Code is one proposal, but he is open to other means to address the issue. He noted many concerns voiced by the Auditor related to non-optimal conditions to do the work, acknowledging that many County employees do quality work under sub-optimal conditions. He asked the Auditor for flexibility, creativity and innovation.

Responding to Pape, Commissioner Chang said the Auditor has expressed concerns over the independence of her function being impaired. He suggested that a suitable alternative would be for the Auditor to provide the methodology, but an independent party conduct the review. He cited recent audits of the Clerk's Office and Sheriff's Office, in which management was not willing to share certain data with the Auditor. Pape emphasized that such an independent review is not an audit, and she cannot sign off on someone else's independent review.

Commissioner Chang expressed concern that an audit report may indicate that a department is hiding politically charged information. The perception that department heads are withholding information from the Auditor is provocative and inflammatory. There are ways to independently review these areas to meet the goals of the Office of Internal Audit and the needs of the public that are not challenging or problematic.

Toney noted the Auditor must report on any scope impairment to an audit. Commissioner Adair echoed Toney's comment.

Commissioner DeBone said that department heads have commented that recent audits are different from those that have been done in the past, and they are questioning the rationale. Pape said that audits such as these have been taking place for twenty years, including performance audits.

Commissioner Chang said that expectations and relationships may have been different under the previous Auditor. Pape asked for the Board's support and confidence that her policies and procedures are committed to data security. Commissioner DeBone said he is not yet ready to provide that leadership and support, highlighting his experience from serving for eight years on the Audit Committee. He acknowledged the County is currently in a transition period after 20 years with the previous Auditor.

Joe Healy questioned whether the current Auditor is not receiving the same information the previous Auditor would have received. Commissioner Chang suggested that during the initial determination of scope, perhaps the previous Auditor made modifications. Commissioner Chang noted that County Legal Counsel ultimately made the determination that the Sheriff's Office was not compelled to share the body and auto

camera footage. Pape said that her report speaks to this scope impairment. Commissioner Chang cited the Sheriff's Office's response at the end of the report.

Responding to Chair Parish, Pape said that the scope impairment would not be included in the audit follow up.

Discussion ensued related to a modification of the scope development process. Toney said that when the committee sets the audit plan, they can identify potential issues and sensitive areas. Lee Randall suggested audits be discussed with the subject departments ahead of time to identify potential areas of conflict. His impression is that the previous Auditor may have conducted a more in-depth conversation with the subject departments prior to embarking upon the audit.

Steve Dennison spoke to the tone of the audit report. An alternative would be to disclose the scope impairment, while noting that the subject area was reviewed by an independent entity and resolved.

Commissioner Chang emphasized that hot button topics such as elections security and body-worn camera videos must be handled with sensitivity to eliminate public uncertainty.

Phil Anderson noted the Audit Committee recently created a subcommittee consisting of himself, Joe Healy and Daryl Parish, tasked with meeting with department heads to hear concerns. Commissioner DeBone stated that he wants the Auditor to be successful, and through the Auditor's past work, waste, fraud, and/or abuse have been identified. Commissioner DeBone said that moving forward, should a department head resist sharing information, he encouraged the Auditor to engage the BOCC, County Legal Counsel or the media. Pape said that access to information is a critical piece of an audit and should not be following the path of least resistance. She does not want the perception that if a department head is resistant to sharing information, then she should not audit that area, adding that she did engage Legal Counsel on the elections and body/auto camera audits.

Commissioner Adair emphasized the importance of identifying fraud. She recognized Pape for meeting with the Sheriff's Office during the body/auto camera audit, noting that she was present for the meeting and it was very cordial. After some research, it was ultimately determined by the Sheriff's Office that they were unable to provide the Auditor with the camera footage requested. Responding to Anderson, Pape said that County Code states that Audit should ask Legal Counsel for assistance if the Auditor receives pushback from departments.

V. Internal Audit Reports

a) Sheriff's Office Body and Auto Cameras

Pape shared a slide deck covering this audit. She summarized the body and auto camera program objectives and provided some statistics. The program began in May 2021, and \$1 million has been spent since the program's inception. 106 cameras have been issued,

with 18,866 recordings in the first quarter of 2025 (2,191 evidence recordings used Q1 of 2025).

Pape spoke about the audit objective and sub-objectives. The main objective was to determine whether the body and auto camera program supports accountability, transparency, and the secure, effective use of recorded footage.

As previously discussed at length, due to scope impairment, video footage was not provided to be viewed and evaluated. As such, the audit made no conclusions about the recordings. Additionally, categorization could not be assessed.

Audit findings and recommendations were summarized, the details of which can be found in the report included in the agenda packet. Audit recommendations include:

- Publish reports about the program
- Create a process to monitor Sergeant review
- Implement a system to track public records requests
- Design camera footage information system procedures
- Develop reports to improve oversight

Responding to Steve Dennison, Q1 statistics reflect the first three months of the year 2025. Responding to Anderson, the evidence recordings reflected in the Q1 numbers were those *categorized* as evidence in Q1 and not used as evidence during Q1.

Dennison asked about the video footage redaction for public records requests. Pape said that any faces, including those of the public and law enforcement, require redaction. Anderson added other items such as license plates are also likely to be redacted. This process is time intensive and costly.

b) Public Health Integrated Follow-Up

Note: This discussion took place prior to the Sheriff's Office Body and Auto Cameras audit discussion.

In attendance for Health Services were: Holly Harris, Heather Kaisner, Cheryl Smallman and Emily Burkesmith. This is a follow up to the Public Health (PH) Integrated Audit which was published in December 2024. Pape provided some background, noting that PH was greatly impacted by the pandemic in terms of staffing. A slide illustrated staffing fluctuations, and another illustrated hires and departures over time. Grant funding is critical to meet operational needs. A slide showed the department's reliance on grant funding over time.

Pape highlighted an error in the original audit. The audit relied on Human Resources (HR) data which was missing records. However, Audit's revised analysis supports the same conclusion, as the conclusion was not based on the number of evaluations done by Health Services, but rather a comparison to the County as a whole.

Harris stated her disagreement with way in which the report was pulled from Munis and doesn't feel it the data is accurate, so it is difficult to know how to improve upon performance evaluations. Kaisner added that Public Health's employee evaluations have

gone through several improvements since the pandemic. Pape stated her belief that Audit's reports are reliable, acknowledging that Internal Audit set different parameters than Public Health.

Harris acknowledged there is room for improvement, but it is difficult to know how to improve based off this data. Whitney Hale echoed Harris' comments, noting that the data within the system is tricky, with HR, HS and Audit not in alignment with the appropriate report to pull. Kaisner added that PH has set clear expectations on Performance Evaluation deadlines.

Pape summarized the audit's six recommendations, with one resolved, four in process and one in which management accepts the risk. These are summarized on the slides.

Kaisner spoke to management's response in the report, stating that they are accepting the risk for data inconsistencies in the Tyler Munis enterprise system. Management declined the recommendation to track and monitor data entry errors occurring in another department (HR).

Randall spoke about PH's achievements during the department's COVID pandemic response efforts.

At 1:50 p.m., a brief recess was taken, and the meeting was reconvened at 1:55 p.m. to discuss the Sheriff's Office Body and Auto Cameras audit.

c) In process and Upcoming

- **Houselessness**

Pape said the objective of this in-process audit is to determine whether the County's best practices effectively engage in internal department, grant, and coordinated efforts to address houselessness. This audit will be a survey-level view of programs, grants, and coordinated efforts with regional partners and service providers.

Responding to Chair Parish, Pape has conducted some of the preliminary background work and plans to survey counties across the state about how they are addressing houselessness. Responding to Anderson, with the survey level of this audit, she does not plan to go very deep.

Erik Kropp said that he recently met with Pape and provided feedback to her. He will provide his feedback in writing to the Audit Committee and the BOCC at a later date. He feels that the objective is too broad, noting that the County does not have a housing department or a houseless program. He voiced concerns over the yellow book values, questioning how these would be applied to the audit. The BOCC dictates policies for the county, and the County's goals and objectives on houselessness should be audited.

Kropp said that best practices are subjective, and although it is useful to learn what other counties are doing, it may lead to unintended expectations from

the community. Additionally, the broad nature of the audit objective may end up getting into BOCC policy decisions and this is not an audit objective. Another concern he voiced is that audit criteria have not yet been fully established.

Pape read aloud houseless audit objectives from the cities of Denver and San Diego. Responding to Kropp, Pape is not sure whether either/both of these cities have a housing department. Pape said that one problem is that our county does not have a plan. Commissioner Chang asked whether identifying a plan is going to change the outcome, noting that the response to houselessness is more of an art than a science.

Harris spoke to the inclusion of the HOST team (Homeless Outreach Services Team) in this audit, emphasizing that the HOST Team is a treatment provider. Pape said that the expectation in the community is that it is the County's responsibility to provide services to the houseless population, and she feels this audit can help to clarify the County's role. Commissioner Chang said there is disagreement amongst the Commissioners around houseless policies.

Responding to Randall, Pape said she will not be surveying the public or houseless individuals. Through various service providers, she will engage with the community. Anderson stated he is pleased that the Auditor and Deputy County Administrator have met to discuss the audit. Healy concurred, noting the importance of setting up a work plan that is achievable. Pape is confident that her audit objective aligns with other counties' houseless audits. It is her hope that this audit doesn't stop before it starts.

Responding to Randall, should audit objectives be modified after receiving feedback from staff, it will be documented in the file. Responding to Healy, Kropp said that housing and housing affordability is one area in which the BOCC's policies may align with this audit's objective. Hale elaborated on some subobjectives that fall under housing stability and supply. Dennison said these objectives are concrete and measurable.

Pape added some other programs which may be covered under the umbrella of the audit: the HOST team, Property Management services, and camping ordinance enforcement. Kropp's overall input was to have a more specific objective.

Harris again emphasized that the HOST team serves those individuals with behavioral health issues who also happen to be homeless. The HOST team is not trying to solve houselessness.

Commissioner Chang distinguished between the roles of cities, tasked with housing production versus counties, tasked with health and human services.

- **Status Report**

A link to the status report is provided in the agenda. This illustrates how time is spent by staff on different activities.

Pape reported that the 0.5 FTE Performance Auditor who was recently hired subsequently resigned due to difficulties in securing housing. The position is currently vacant, and Pape plans to open up the recruitment in January.

VI. Other Discussion Items

a) Administrative Update

Deputy County Administrator Kropp said the individual who was offered the position of Fair Director declined the offer for personal reasons. Staff will re-open the position for recruitment next week, and interviews will take place at end of February.

Tim Brownell, Solid Waste Director, recently announced his upcoming retirement. Recruitment for this position is currently underway.

VII. Closing and Adjourn - Chair Parish adjourned the meeting at 2:40 p.m.

The next hybrid meeting is scheduled for February 13, 2026 at 1:00 p.m., in the DeArmond room of the Deschutes Services Building and via Zoom virtual meeting platform.

Respectfully submitted,



Angie Powers
BOCC Administrative Assistant