



For Recording Stamp Only

Minutes of the Meeting of the  
**Deschutes County Audit Committee**

Date: February 13, 2026

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

x	<b>Facilitator:</b> Elizabeth Pape, County Internal Auditor		
<b>Audit Committee Public Members (6 members)</b>			
x	Daryl Parish, Chair		Phil Anderson
x	Jodi Burch ( <i>via Zoom</i> )	x	Liz Foott ( <i>via Zoom</i> )
x	Joe Healy ( <i>via Zoom</i> )	x	Kristin Toney ( <i>via Zoom</i> )
<b>Audit Committee County Management Members (3 members)</b>			
	Patti Adair, County Commissioner	x	Steve Dennison, County Clerk
x	Lee Randall, Facilities Director		
<b>Others Present:</b>			
x	Nick Lelack, County Administrator and Ex-Officio Member	x	Whitney Hale, Deputy County Administrator
x	Erik Kropp, Deputy County Administrator	x	Bill Kuhn, Treasurer
x	Jana Cain, Controller	x	Spencer Eldevik, Accountant
x	Angie Powers, BOCC Administrative Assistant	x	Rondo Boozell, Community Member and Candidate for Deschutes County Commissioner (Position #5)

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

I. **Call to Order:** Chair Parish called the meeting to order at 1:00 p.m.

II. **Introductions & Notices:**

III. **Approval of Minutes from the December 12, 2025 meeting**

**Motion:** Chair Parish moved approval of the December 12, 2025 Audit Committee meeting minutes

**Second:** Lee Randall seconded the motion

**Votes:** All yes. Motion carried

#### IV. Internal Audit Reports

a) **No reports completed**

b) **In-process and upcoming:**

- **Houselessness**

Elizabeth Pape has reached out to service providers and will be reaching out to other counties to learn about how other houselessness programs operate.

- **Courthouse Construction**

Pape is working with Lee Randall, Facilities Director. This audit will commence in two weeks.

- **Status Report**

The status report indicates how time was allocated by Office of Internal Audit staff. A hyperlink to the report is included in the agenda.

#### V. Special Topics

a) **Popular Annual Financial Report (PAFR) – Jana Cain and Spencer Eldevik**

Jana Cain provided a page-by-page overview of the PAFR, the plain-language companion to the County's annual financial statements, for the Fiscal Year ending June 30, 2025. The PAFR is a brief overview of the County's financial position and activities for the year.

A high-level snapshot of the County's overall position, including assets and liabilities, is shown on page 2. Capital assets increased by \$19 million, due in large part to the County Courthouse expansion project. Post-employment benefits continue to be the County's largest liability.

The County's net position for FY25 was \$334 million, broken into capital assets and other assets. Cain emphasized that the unrestricted net position is what is available to spend.

Cain discussed revenues and expenses. Property and Transient Lodging Taxes (TLT) account for 35% of the County's revenue. The county prioritized cost-conscious operations with efficiency and savings across departments, with expenses rising by only \$1.6 million or 0.6%.

Page 5 illustrates ten-year trends in revenues and expenses. Both charts indicate stability, and Cain credited County leadership for preventing large swings in volatility.

Page 7 indicates where each portion of a tax dollar is allocated, based on the City of Bend Taxing District. Although Deschutes County is the tax collector, only 17 cents per tax dollar goes towards County government operations with the bulk of this going towards public safety.

A chart at the bottom of page 9 illustrates there were 185 residents per County employee. Cain emphasized that despite large population growth over recent years, this ratio has remained stable.

Lelack commented on the clarity and simplicity of the report. Overall, the report speaks to the stability of the organization and illustrates its efficiencies and cost-effective

strategies. His belief is that citizens are receiving an extraordinary value for the services provided.

Parish stated his appreciation for page 7, and Lelack suggested including pages for the cities of Sisters, Redmond, and La Pine taxing districts, illustrating where each portion of a tax dollar goes. Cain added that discussions have taken place related to inclusion of information about where each Transient Lodging Tax (TLT) dollar goes in future PAFRs.

Toney said the PAFR is a good balance of words and pictures to tell a story in simple, concise terms.

Responding to Foott, Eldevik said that a press release is issued after the PAFR's release, and physical copies are mailed to the local Chambers of Commerce and libraries. Print copies are also available in the Deschutes Services Building. Foott indicated her support for Lelack's suggestion of a page indicating where each tax dollar goes for the Sisters, Redmond, and La Pine taxing districts. Foott described the report as invaluable.

Burch suggested that charts show target/goal lines, to help readers better understand and interpret upward or downward trends.

#### **2025 Global Report and Presentation**

Pape said that this annual report summarizes recommendation status and performance measures. The lookback period was four years. Overall, the 4-year resolution rate was 66% for audit recommendations.

Based on survey feedback, reader satisfaction was 93%, which exceeded both the target (85%) and historic trend (92%).

In 2025, the average audit duration was 6.9 months which was higher than the historic average of 6.2 months. This was due in part to difficulties encountered while gathering data.

The target 4-year resolution rate is 75% and the historic resolution rate was 91%. This has been trending downward since 2022, and in 2025 the 4-year resolution rate was 66%. Pape attributed this lower resolution rate to a more robust process for following up with departments for resolution verification, while acknowledging that she is working towards increasing this rate. Pape noted that this resolution rate does not include several outstanding recommendations that date back further than four years.

Another slide illustrated recommendations implemented over 2025 and the recommendation duration, or the average time it takes for departments to resolve recommendations. The countywide average was 1.3 years. Pape noted this does not include the recommendation duration for those in-process.

Other data in the report reflects planning and whether goals were met for reaching all departments in a timely manner, as well as the status of overall recommendations.

Responding to Lelack, Pape indicated that a Transition Audit for the County Assessor will be added to the upcoming plan of work.

Responding to Chair Parish, Pape said that the 75% target for the 4-year resolution rate is set by the federal Government Accountability Office (GAO).

**b) System of Quality Review**

Each year, Pape said that her office is required to review its quality assurance processes and report back to the committee. In 2024, the GAO adopted new auditing standards, shifting the approach from Quality Assurance (QA) to Quality Management (QM), with a risk-based approach. GAO asked audit shops to do a risk assessment based on quality and tailored to each shop's own unique environment. Pape's office implemented this practice in December 2025.

In this risk-based approach, GAO requires that certain objectives are addressed and a unique system is designed to mitigate for identified risks. Included are communications related to QM issues. Pape provided an overview of her shop's system, noting that conclusions are linked to cited evidence.

Results of the 2025 Quality Review indicate that systems are working as intended. There were some difficulties with signing off on independence statements due to a change in staffing with the 1.0 FTE Performance Auditor's departure. Despite this challenge, all auditors were independent even if the form was not signed.

There were 31 separate quality objectives. Three areas were identified with a high residual risk and this risk was accepted:

1. **Resource Needs** – This area was impacted by the Performance Auditor's position reduced to 0.5 FTE which has proven difficult to fill.
2. **Supervision** – Pape defined "supervision" per GAS 8.87. A one-person shop has no supervision and relies on Auditor's experience. A two-person shop has moderate risk and has some reliance on one another. Both individuals must be qualified. A three-person shop has a dedicated supervisor.
3. **Engagement review** – This is the gold standard for auditing. An individual who is not involved in the audit is checking the conclusions for appropriate evidence. Again, a three-person shop is ideal, and an independent review is possible.

Responding to Chair Parish, Pape shared that interviews will be held next week for the 0.5 FTE Performance Auditor. She is hopeful the position can be filled with a qualified candidate.

**c) Proposed Audit Committee Survey – Presentation and 2023 Results**

Pape asked the committee if they wish to do a survey this year. Historically, the previous Internal Auditor did a survey every three years. The last survey was released in September 2023 and consisted of 46 questions. Pape summarized the results.

The results of the 2023 survey indicated the highest rating in the area of process and procedures, and the lowest rating around audit oversight. Trends shown on a chart

reflect minimal movement on the ratings for five different factors. Pape shared some of the comments in each of the five areas.

Pape asked the committee for feedback on improvements, noting that survey responses were discussed at three meetings and proved to be a time-intensive process. She asked the committee if they wish to do a survey in 2026. She shared that Lelack suggested an alternate to the survey, in which the committee has a retreat to discuss committee operations in an open public meeting.

Chair Parish said that a one-person shop should focus on core responsibilities including the Audit Plan. He suggested suspending the survey until the 0.5 FTE is onboarded, adding that he favors the committee retreat option.

Toney acknowledged the survey was lengthy and questioned the value of the survey and its results. She also favors the idea of a committee retreat for open discussion. She suggested a shorter open-ended survey with areas of concern, coupled with a retreat for open dialogue and discussion.

Dennison acknowledged that as a new member to the committee, he has not completed the survey in the past but appreciates the candid survey response and echoed Toney's hybrid suggestion. Randall also agreed with Toney's idea and is cognizant of Pape's time and wishes to prioritize her time for audits and onboarding/training the new 0.5 FTE Performance Auditor.

After lengthy discussion, it was determined to revisit this topic in December 2026, after the new Performance Auditor is hired and trained.

**d) FY 2027 Budget Proposal**

Pape shared the Office of the County Internal Auditor's annual budget proposal for FY27, noting that the bulk of expenses are for personnel. Personnel costs have increased more (\$349,000 to \$364,000) due to the Wage Equity Study results, based off of peer comps.

Pape noted that Materials and Services does not include Internal Service Fund transfers and is down due to the County's AI solution being less costly than AI software which was in the budget.

Pape announced that Budget Week will take place May 12 through 14, 2026. Administration, including Internal Audit, is scheduled for 10:40 a.m. on May 12.

**e) Update from Auditor Performance Review Subcommittee**

Chair Parish reported the subcommittee is composed of himself, Joe Healy, and Phil Anderson. They are in the process of setting up meetings with department heads which are tentatively scheduled for March 10. The subcommittee's goal is for Pape's evaluation to be completed on time.

**VI. Other Discussion Items**

**a) Administrative Update**

Nick Lelack, County Administrator, provided an administrative update in the areas of organizational change, budget preparation and the current legislative session.

Lelack indicated that the County is undergoing significant transition. Over the past year, the County has welcomed a new Human Resources Director, a new Health Services Director, and the Board of Commissioners appointed an Interim Sheriff. This week, the new Fair and Expo Director began. Second-round interviews for the Solid Waste Director will be held next week. Additionally, after 26 years of service, Assessor Scot Langton has announced that he will not seek re-election.

The Board of Commissioners will increase from three to five members effective January 2027, with elections on the May 2026 ballot. Additionally, the draft district map will go before voters in November 2026.

The County Forester position will be renamed, and the Natural Resources department will now fall under the Community Development Department (CDD), having previously been under the Road Department.

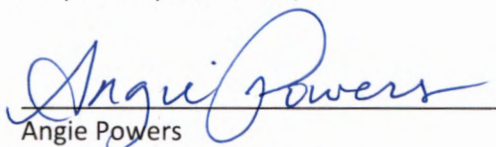
Of further note, Building Inspector interviews for CDD are currently taking place.

The short legislative session is underway and commissioners are fully engaged. FY27 Budget preparations have kicked off, with Budget Week taking place May 12 through 14. The impacts of inflation and the wage equity analysis, coupled with reduced funding from state and federal partners, will result in some difficult budget decisions ahead.

**VII. Closing and Adjourn** - Chair Parish adjourned the meeting at 2:10 p.m.

**The next hybrid meeting** is scheduled for April 17, 2026 at 1:00 p.m., in the DeArmond room of the Deschutes Services Building, and via Zoom virtual meeting platform.

Respectfully submitted,

A handwritten signature in blue ink that reads "Angie Powers". The signature is written in a cursive style and is positioned above a horizontal line.

Angie Powers  
BOCC Administrative Assistant