



For Recording Stamp Only

Minutes of the Meeting of the
Deschutes County Audit Committee
 Date: June 9, 2023

X	<i>Facilitator:</i> David Givans, County Internal Auditor		
Audit Committee Public Members (6 members)			
X	Daryl Parrish, Chair	X	Summer Sears
X	Scott Reich	X	Jodi Burch (via Zoom)
	Stan Turel		Joe Healy
Audit Committee County Management Members (3 members)			
X	Patti Adair, County Commissioner	X	Charles Fadeley, Justice of the Peace (via Zoom)
X	Lee Randall, Facilities Director		
Others Present:			
X	Aaron Kay, Performance Auditor	X	Nick Lelack, County Administrator
X	Erik Kropp, Deputy County Administrator	X	Whitney Hale, Deputy County Administrator
X	Robert Tintle, CFO	X	Jana Cain, Accounting Manager/ Controller
X	Kathleen Hinman, Human Resources Director (via Zoom)	X	Kevin Mullerleile, Senior Manager Moss-Adams (via Zoom)
X	Elizabeth Pape, County Internal Auditor Candidate		

This HYBRID meeting was held virtually via Zoom Conference Call and in the Barnes & Sawyer Room of the Deschutes Services Building.

CALL TO ORDER: Chair Daryl Parish called the meeting to order at 12:10 p.m.

AGENDA:

1. Approval of Minutes for March 10, 2023

Summer Sears moved approval of the minutes of the March 10, 2023 meeting. Commissioner Adair supported the motion.

Votes: All yes

Motion carried.

2. External Audit Plan for FY 23 – Moss Adams LLP – Kevin Mullerleile, Senior Manager

Kevin Mullerleile, Senior Manager, Moss Adams LLP presented the External Audit Plan for FY 23. This is Moss Adams LLP second year as the County's External Auditor. Kevin summarized that Moss Adams' responsibilities are to audit the County's financial statements to make sure they are in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The external audit process is broken up into three categories: Internal Controls, Analytical Procedures and Substantive Procedures. Their concern is material misstatements, where materiality is something that a financial statement user would consider to be a material error. Kevin summarized five significant areas of focus. He spoke about their consideration of fraud, to improve the likelihood that auditors will detect material misstatements due to fraud in a financial statement audit.

The timeline for the audit was summarized. Planning discussions with management took place in April-May 2023, and the presentation to the Audit Committee of FY23 audit results will take place on December 8, 2023.

Kevin spoke briefly about some new accounting standards, GASB 96: Subscription-Based Information Technology Arrangements, and GASB 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements.

Responding to David Givans, Kevin provided a timeline for delivery of the audit reports in a timely manner to service districts. Robert Tintle shared that the Budget Committee approved a new position for a public procurement position, which will help with compliance.

(Note: Audio quality was poor and discussion was indiscernible).

3. County Internal Auditor – Candidate Presentation (15 minutes)

David Givans introduced candidate for County Internal Auditor, Elizabeth Pape, who presented to the group. The topic of her presentation was an overtime audit for the City of Portland's Police Department.

(Note: Audio quality was poor and discussion was indiscernible).

4. Internal Audit Report: Finance/Tax – Controls over receipts #22/23-8

Aaron Kay, Performance Auditor, presented the report. He provided an overview of property tax revenues, and some background on Transient Room Tax (TRT). Internal Audit's recommendations include:

1. Develop and document controls over cash handoffs
2. Explore elimination of the bank account providing duplicate services
3. Resume audits of transient room taxpayers
4. Implement and document periodic management review of property tax adjustment reports

5. Internal Audit Report: Continuity of Operations Plans – Initial Assessment #22/23-6

Mr. Kay presented the report. This analysis was initially designed as a departmental gap analysis, but as the audit planning process began, a high-level assessment was determined to be of greatest value to the County. He acknowledged the Sheriff's Office's Emergency Services Unit (ESU) for their contributions to this assessment. A Continuity of Operations Plan (COOP) is a critical part of an overall emergency management system. Destructive events such as natural disasters or technology system failures could have tremendous impacts on the County's ability to provide services. Planning and identifying essential services which cannot be delayed is an important first step.

Following a statewide exercise in 2017 simulating a Cascadia Megaquake, gaps in continuity were identified and the County's COOP became an action item. FEMA's Continuity Guidance Circular book and COOP Assessment Tool for non-federal organizations were highlighted. The strategic elements include: Planning, Organizing, Equipping, Training and Exercising (POETE). The tool scales progress along a maturity scale: Initiating, Building Capability and Maintaining. The County's progress scoring is in three categories. Each department's COOP was scored, then aggregated and averaged. Scoring was as follows:

- Overall (4.9/10)
- Maturity: Initiating (5.7/10), Building (5.6/10) and Maintaining (3.5/10)
- POETE: Planning (4.5/10), Organizing (7.5/10), Equipping (8.2/10), Training (3.2/10) and Exercising/Testing (2.6/10)

Internal Audit came up with six recommendations in identifying areas of improvement:

1. Determine whether the capabilities of the new COOP software meets County requirements *or* explore other viable options. A new Oregon COOP launches on July 21, and if it falls short of expectations the County can upload portal for plans outside of State software.
2. Direct staff to complete comprehensive COOP planning documentation with the support of DCSO-ESU.
3. Re-establish regular COOP planning meetings to review and revise COOP plans.
4. Review and update its COOP activation scenarios.
5. Establish a COOP training program for all personnel.
6. Conduct regular COOP exercises and make necessary improvements identified as weaknesses.

In response to Summer Sears speaking about a recent cyber-attack on Curry County, there was some discussion about IT's plans for cybersecurity, ransomware, and the potential for State funding for Continuity of Operations Plans. Scott Reich suggested consideration of assigning dates by which plans must be completed. Erik Kropp suggested that perhaps a reassessment take place at a future date, at which time there would be a better grasp on the state's new COOP database's capabilities. Lee Randall recognized that the pandemic, in and of itself, was one big exercise.

Mr. Givans shared that once an audit is complete, it becomes management's role to implement their recommendations and Internal Audit becomes a resource and can provide guidance. In his opinion, redoing the same audit over and over causes it to lose its value, and suggested that follow-ups or audits on related topics could be more useful.

6. Follow-ups:

a. Assessor cash handling #22/23-11

Mr. Kay reported that 100% of Audit's recommendations are completed.

b. Initial cybersecurity assessment #22/23-12

Mr. Kay reported that 67% of the recommendations are underway and 33% are planned. IT has contracted with a managed cybersecurity company that identifies vulnerabilities, and a new IT Director started in March 2023. Anticipated completion date is July 2024.

7. Update - County leadership recruitments/changes

Erik Kropp, Deputy County Administrator, shared that the transition of the Solid Waste Director is underway. Currently, Chad Centola is the outgoing Solid Waste Director, and he is retiring at the end of June 2023. Tim Brownell, incoming Solid Waste Director, will be solo as of July 1. New landfill siting has taken a lot of Chad's time. Whitney Hale, Deputy County Administrator, shared with the group that the County's most recent podcast included an interview with Chad and Tim, and provides some insight into this transition. The next podcast will include interviews with David Givans and Aaron Kay.

8. Biennial Audit Plan development 2024-2025 - Discussion

Mr. Givans opened by sharing that this is a lengthy plan and is intended to be a plan for his successor. He summarized his approach methodology. In determining future audits to take place, a project approach is taken. He summarized in-process and carryover projects. Important topics and project areas for FY24 were covered, some of which include: a review of third-party administration of high cost medical claims, internal software development general controls, personnel data entry control assessment, translation and interpreter services equity and effectiveness and recruitment/retention in the post-pandemic era. He also provided a list of project topics for FY25, some of which include: evaluate alcohol sales for 2024 County Fair, courthouse construction project, evaluate food and beverage for 2024 concession events, election controls for May 2025 election, assess effectiveness of houseless response, and evaluate methodology for charges to law enforcement districts. He shared a list of other potential topics, adding that he received over 100 suggestions from departments and management.

Discussion ensued about adding other potential topics to the work plan. Ms. Sears expressed concerns about Audit's time constraints and staff capacity.

Mr. Givans will come back to the Committee with an amended work plan for FY24 and FY25.

Scott Reich made a motion to accept the discussion draft list for the Audit work plan for FY24 and FY25 with the changes discussed, removing the non-

audit service from FY24 & FY25 and replacing the FY24 project with equity review of salary and benefits; and in FY 25 removing law enforcement methodology for law enforcement districts and replacing with review of body and auto cams and spreading remaining hours as needed. Supported by Chair Parish.

Votes: All yes.

Motion carried.

9. 2023 ALGA Conference

David Givans attended the 2023 Association of Local Government Auditors annual conference. He brought with him the plaques representing the awards received – 2022 Knighton Award – Distinguished Winner- Extra small shop for audit of “Management of Pandemic Case Investigation and Contact Tracing” and Lifetime Achievement Award to David Givans.

10. Updates/Other Items

The Audit Committee thanked Mr. Givans for his years of service as County Internal Auditor, and congratulated him on his upcoming retirement June 30. They also thanked Scott Reich for his service on the Audit Committee, as his term is up June 30.

11. Other Business/Closing

Chair Parish thanked everyone for their attendance and participation.

Next Meeting is scheduled for September 8, 2023, 12:00-3:00 p.m.

Adjournment: *Being no further issues brought before the Committee, the meeting was adjourned at 3:19 p.m.*

Respectfully submitted,



Angie Powers

BOCC Administrative Assistant