



For Recording Stamp Only

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

Date: February 14, 2025

Location: Deschutes County Services Building, Allen Room  
 1300 NW Wall Street, Bend, OR 97703

x	Facilitator: Elizabeth Pape, County Internal Auditor		
Audit Committee Public Members (6 members)			
x	Daryl Parrish, Chair (via Zoom)	x	Summer Sears
x	Joe Healy (via Zoom)	x	Jodi Burch (via Zoom)
x	Phil Anderson	x	Kristin Toney (via Zoom)
Audit Committee County Management Members (3 members)			
x	Patti Adair, County Commissioner	x	Charles Fadeley, Justice of the Peace
x	Lee Randall, Facilities Director (via Zoom)		
Others Present:			
x	Aaron Kay, Sr. Management Analyst Risk Management	x	Nick Lelack, County Administrator and <i>non-voting</i> Ex-Officio member
x	Erik Kropp, Deputy County Administrator	x	Whitney Hale, Deputy County Administrator
x	Angie Powers, BOCC Administrative Assistant	x	Robert Tintle, Chief Financial Officer
x	Jana Cain, Controller	x	Bill Kuhn, Treasurer
x	Deevy Holcomb, Director Community Justice	X	Janice Garceau, Director Health Services
X	Heather Kaisner, Director Public Health		

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

**I. Call to Order:** Chair Parrish called the meeting to order at 1:01 p.m.

**II. Introductions / Notices:** None

**III. Approval of Minutes for December 6, 2024 Special Meeting**

**Motion:** Commissioner Adair

**Second:** Chuck Fadeley

**Votes:** All yes

Motion carried

#### **Approval of Minutes for the December 13, 2024 Regular Meeting**

**Motion:** Chuck Fadeley

**Second:** Chair Parrish

**Votes:** All yes

Motion carried

#### **IV. Internal Audit Reports**

##### **a. Public Health Integrated**

Aaron Kay said this was the largest scale integrated audit to date, and thanked Janice Garceau, Heather Kaisner and their staff for their cooperation. Public Health (PH) has four focus areas: prevention/health promotion, clinical/family services, communicable disease prevention/management and preparedness engagement/environmental health. Over the past several years, PH has experienced changes in staffing, sections and deputy directors. In 2022, PH experienced an 8-month vacancy in leadership. Kay covered 8 areas of risk subject to the audit and summarized the audit findings and recommendations.

One of the main findings was a high incompleteness rate for employee evaluations. Incompleteness rate was 63%, as compared to the County aggregate rate of 48%. Due to routine weekly check-ins, supervisors often felt annual evaluations to be duplicative. Additionally, the County's evaluation tools were being streamlined by Human Resources (HR). HR had planned for a May 2025 rollout, but this has been delayed due to key vacancies in HR. Audit's recommendation was to promptly complete annual evaluations and set expectations for timely completion.

Related to performance measures, scattered sources for measures had shortfalls. Kay compared these to the Government Finance Officers Association (GFOA) standards and identified several instances where PH's measures deviated from best practice. GFOA asks for useful measures that are collectible. Audit's recommendation was to improve reporting by developing a public-facing report aligning measures with updated goals. Heather Kaisner, Director Public Health, indicated plans to update their strategic plan and will identify measures with progress that can be tracked.

Another finding involved incomplete fiscal procedures, and two recommendations were made. A repeat finding from a 2018 cash handling audit related to prepaid gift cards. The department's goal of distributing gift cards is to promote access and reduce barriers to engagement. Several inconsistencies were found, which Kay summarized. Audit's recommendation is that accountability and practices are reinforced. Independent counts will occur in January, and program budgets will be reviewed monthly.

Another finding related to data inconsistencies within the organizational chart as compared to HR's records. The recommendation was a tracking system, but management will accept the risk as they communicate inconsistencies to HR regularly.

Kay summarized several observations which were made during the audit. He noted the County website redesign has been paused due to fiscal constraints.

Kaisner commented that she found the audit to be beneficial. A closer look at processes and how they can be improved was useful, particularly around employee performance evaluations. Post-pandemic, she is trying to right-size her department and to be proactive in communications. Garceau added that HS does extra work to make the County template more relevant to make evaluations more meaningful. Her hope is that HR can complete a new evaluation form with core competencies, while acknowledging that HR is currently understaffed. Whitney Hale added that good progress is being made to this end, and Community Justice worked with HR on a pilot program for an updated evaluation.

Lelack commented that he appreciates that PH's evaluations were compared to the County aggregate rate. He plans to work with HR on improving this rate, in an effort to provide staff with on-time, accurate and meaningful evaluations.

**b. Language Access**

Pape reported the County was complying with federal requirements, but better coordination and guidance is needed. Rules and best practices were based on Title VI of the Civil Rights Act of 1964 and the U.S. Department of Justice Language Access and Assessment Planning Tool. Translation and interpretation services were the focus of the audit.

Pape summarized the audit's findings and recommendations. There was some risk of noncompliance with federal rules based on Meaningful Access Standards.

The County hasn't assigned anyone responsibility for the Language Access Program, and it was recommended the County Administrator assign responsibility for the program to a specific staff member.

The County's current policy (Civil Rights Act policy GA-16) doesn't provide clear guidance. It assigns accountability to programs rather than to staff. It was recommended that County Administration update the policy to provide clear guidance.

The County doesn't have a clear understanding on what is needed and what is being provided. Pape noted that Census data can be problematic, and those needing access are often under-represented. It is recommended that County Administration create a language access plan based on the Language Access Assessment and Planning tool.

There are no countywide procedures for the translation of documents and contracts. A new vendor has been procured but is being under-utilized. Audit recommendation was to add mandatory county-wide procedures to the language access policy, but management disagreed as this would look very different between different departments.

Lelack commented this was an outstanding audit. He elaborated on management's acceptance of risk for Audit's recommendation to add mandatory county-wide

procedures to the language access policy. Management agrees with Audit that consistent procedures are needed but wishes to evaluate the development of county-wide procedures and their potential operational impact with department heads before determining if they will be included in a future policy update.

Hale thanked Pape for the audit, adding that Administration asked for this audit. Pape put them on a great path to move forward with this work.

Bilingual employees bear the burden of assisting with translation and interpretation. The monthly (\$150-\$250) stipend for bilingual employees hasn't been updated in nearly a decade, nor has it increased with inflation and was determined to be insufficient for the value these employees bring to the organization. It was recommended to create a policy for bilingual program for employees to clarify selection/hiring, testing, expectations and compensation.

Sears commented on the County's shift in direction on DEIA and asked if there is any overlap in these priorities. Pape responded that language access is required by federal law. Gareau noted that HS has a DEI committee who works to provide language access services. Garceau said that advocacy matters, noting that during the COVID-19 pandemic, the County's efforts to provide communications in English and Spanish were requested by local medical providers.

**c. Sheriff's Office (DCSO) Transition**

Kay presented the results of this transition audit. Sheriff Nelson did not seek re-election, and Kent van der Kamp was elected as the new County Sheriff. Staffing challenges due to vacancies within the department's deputy ranks (both Deputy Sheriff and Corrections Deputy) continue to be an issue over the past several years. Seven objectives of this audit were covered. It was determined that transition planning was effective, exceeded Government Finance Officers Association (GFOA) standards and were statutorily compliant with ORS 206.

Procurement compliance was inconsistent. Audit reviewed the top ten vendors. A uniform supplier was paid \$175k using individual purchase orders. A vehicle supplier was paid over \$900k using split payments. The outgoing sheriff attributed these to a training issue with no malicious intent. It was recommended to review and address all instances of split payments ensure spending aligns with procurement rules and formalize contracts with vendors for uniforms and vehicles. Once DCSO became aware of these issues they began working with County's Procurement Manager.

COLES is the oversight agency for Central Oregon Drug Enforcement (CODE) taskforce. At the time of the audit, COLES was two years delinquent in its mandatory financial audit. During its annual audit, Moss Adams, County External Auditor, acknowledged audit impairment and recommended Finance take a more active role. The DCSO Business Manager was placed on administrative leave during the audit, so this was not able to be addressed. The recommendation was to complete the overdue financial audits. Information has been submitted, and a draft audit is almost ready for review. In 2015, past-due financial audits were also found. Responding to Sears, there is no

punitive consequence for noncompliance, but it is publicly noticed. Pape said the COLES Board could potentially impose sanctions.

After two years, two recommendations from the DCSO 2022 cash handling audit were still unresolved. It was recommended to prioritize completion of these outstanding recommendations, and Sheriff van der Kamp noted the DCSO is in the process of converting to cashless transactions.

Responding to Chair Parrish, Kay said he is satisfied with the DCSO response related to split purchases and payments as they are now working with the County's Procurement Manager. Sheriff van der Kamp's business background will likely come into play with his financial leadership. Jana Cain said the sheriff has reached out to Finance for assistance while they recruit a new Business Manager.

Burch asked if the follow up report to this audit could be bumped up to ensure compliance. Pape responded that she'd like to provide them with adequate time to implement Audit's recommendations but can consider bumping this up.

**d. Follow-Ups**

- **Global Follow-Up and Annual Report**

Pape summarized relevant statistics. Of 209 audit recommendations, 146 are resolved and 63 are unresolved resulting in a 73% 4-year completion rate. Reader satisfaction is down a bit, to 90.6% from the historic level of 92%. Audit duration has decreased to 4.2 months, down from the historic average of 5.73 months. The four-year historic resolution rate was 95.12% and is currently at 73% with a target rate of 75%. Pape noted that some recommendations take time to complete, and Audit asks for proof of compliance with recommendations which can further delay completion.

Audit saw success around cybersecurity and celebrated the Information Technology (IT) department for completing their recommendations. There is high risk around wage equity, and the wage study will be completed in spring 2025. Some long outstanding recommendations relate to updating the policy and reimbursements related to mobile devices (2017) and Munis system's facilitation of purchasing cards.

Pape shared a progress summary by audit, shown as the percentage of resolved recommendation progress between the last follow-up and the 2024 global follow-up. The duration (average months to resolution as average age) was then summarized. DCSO and Finance have the oldest age of unresolved recommendations.

Responding to Commissioner Adair, Cain reported that cash handling training was provided to DCSO by Finance/Tax staff, so the department is working towards resolving their two outstanding cash handling audit recommendations.

Office of Internal Audit data is also provided in the report.

- **Wage Equity**

This original audit was published in March 2024. Wage inequities existed, with white men earning more in total compensation than other staff in 2022. Some factors, not covered by law, include overtime, job sorting and tenure. 55% of non-white women leave the County within two years of employment.

Two recommendations are resolved:

- HR updated procedures to include employees starting at step 1 or 2; and
- HR added equity review procedure to supervisor toolkit.

Three are in progress:

- HR to conduct an equal pay analysis;
- HR to report the results of the equal pay analysis upon completion; and
- HR to update personnel rules after completion of the equal pay analysis

There are zero recommendations in which management accepted the risk.

**e. In-Process and Upcoming**

- **Fair and Expo Alcohol Sales**

This audit is wrapping up and the report will be completed in March. Pape was unable to delay this audit until the 2025 Fair & Rodeo due in part to staffing changes. Commissioner Adair recommended to Director Hinds that Fair & Expo offer more non-alcoholic options in future years.

- **Sheriff's Office Body and Auto Cameras**

This audit is kicking off, and Pape is coordinating with Lt. Husband and speaking with community members. She is participating in a Ride Along next week, providing her with an opportunity to watch bodycams in action.

- **May 2025 Election Controls**

This audit will be complicated, and Pape will be working with County Clerk Steve Dennison and speaking to community members related to perceptions of risk.

- **Status Report**

This report shows how Audit spends their time.

**V. Special Topics**

**a. Popular Annual Financial Report (PAFR) –** Jana Cain spoke about the digestible 12-page PAFR and the 300-page Annual Comprehensive Financial Report (ACFR). Completed projects are highlighted in the documents, noting that the County owes no money on the Negus Transfer Station, and they continue to keep a close eye on the courthouse expansion project.

Sears asked Finance to consider translating this report to Spanish. Robert Tintle shared that most of the County's tax documents are currently translated to Spanish.

Commissioner Adair asked about pension and OEBB liabilities, and why Oregon PERS had such a poor rate of return. Tintle shared that Carol Samuels spoke to this at the mid-year budget meeting. Treasurer Kuhn shared that County investments are currently hovering around a 4% rate of return.

**b. Vote on Proposed Bylaws**

Pape summarized changes to the Audit Committee's bylaws since the last version. A member can be removed by a *vote of two-thirds* of the committee, representing a change from the previous version which required a simple *majority* of the committee. Responding to Lee Randall, Pape noted the bylaws have been reviewed by County Legal, but the bylaws have not been assigned a county document number. Pape said the Board of Commissioners will approve the final draft of the bylaws, and it will be attached to a resolution number.

There was some discussion about meeting frequency, and it was determined to leave Article IV as-is, where it states the committee meets *as necessary*.

Phil Anderson noted that all references to the [Audit] Committee should begin with an uppercase "C".

**Motion:** Judge Fadely moved approval of the proposed bylaws as presented and as discussed

**Second:** Summer Sears

**Votes:** All yes

Motion carried

**c. Annual Quality Assessment**

Per Government Auditing Standards (GAS) 5.44, the Office of Internal Audit's 2024 Annual Quality Review was shared. The system of quality control was summarized. The systems are working as intended. One audit was missing an engagement checklist. Pape attributed this to switching audit system software. Pape forgot to sign the annual independence statement in July, so it wasn't signed until January. As there were no impairments, this is a non-issue.

New government auditing standards were covered, with a risk-based approach to quality management. These new standards were released February 1, 2024, and are to be implemented by December 15, 2025. Staffing changes to the Office of Internal Audit may represent risk, in the areas of supervision and self-review. Pape elaborated on these areas of risk.

**d. Update on Performance Auditor Position Recruitment**

Pape provided an update. The position is open, with four applicants received thus far but a minimum requirement review hasn't yet been completed by HR. Once it closes, HR will review and send Pape all applications. It closes on February 26. Kay and HS Compliance Officer Jillian Weiser will sit on the review committee.

**VI. Other Discussion Items**

- a. Administrative Update** – Nick Lelack said the Health Services recruitment is in process and ongoing. The Human Resources director recruitment will open in late February.
- b. Committee Information** – Pape said this is a placeholder for a resource document where committee members can look up information and resources.


Pape proposed a toast to Aaron Kay and expressed her gratitude for him being her colleague in the Office of Internal Audit. Kay said that it has been an honor serving as Performance

Auditor, and he thanked County Administration for keeping him on board. As a citizen and a taxpayer, Sears thanked Kay for his work. Parrish said that Kay's important work helped make the County a less risky place.

- VII. Closing and Adjourn:** *Being no further issues brought before the Committee, Chair Parrish adjourned the meeting at 3:03 p.m.*

**The next hybrid meeting** is scheduled for Friday, April 11, 2025 at 1:00 p.m.

Respectfully submitted,

  
Angie Powers  
BOCC Administrative Assistant