



## Audit Committee

Friday, October 11, 2024

1:00 p.m.

Via Zoom: <https://us02web.zoom.us/j/81796670411?pwd=mlVwWxIDH5IfCbCCVY6kYQH3IFOUK9.1>

Meeting ID: 817 9667 0411 Passcode: 350496

Deschutes Room

Deschutes County Parole and Probation Building

63360 NW Britta St #2, Bend, OR 97701

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I. **Call to Order**

II. **Introductions/Notices**

III. **Review/Approve minutes from August 16, 2024, meeting**

**Internal Audit Reports**

- a. Fair and Expo RV Park Integrated: [Report](#) and [Presentation](#)
- b. Facilities Courthouse Expansion Pre-Construction: [Report](#) and [Presentation](#)
- c. Human Resources Health Benefits: [Report](#) and [Presentation](#)
- d. [Status Report](#)
  - In-process and Upcoming
    - Translation and Interpreter Services
    - Public Health Integrated
    - Fair and Expo Fair Alcohol Sales
    - Global Follow-up
    - Sheriff's Office Transition
    - Clerk Election Controls for May 2025

V. **Special Topics**

- a. Internal Audit Peer Review Results—Larry Stafford [Letter](#) and [Presentation](#)

- b. Internal Controls—Jana Cain and Heather Herauf
- c. Risk Ranking for Global Follow-Up [Presentation](#)
- d. [Bylaw Proposal](#)
- e. Discussion of Process and Work Product for July 2025 Internal Auditor Performance Evaluation—Jason Bavuso

**VI. Other Discussion Items**

- a. Administrative Update
- b. [Committee Information](#)

**VII. Closing & Adjourn**

**After the meeting is adjourned, staff from Community Justice will share a brief presentation about the department and tour for any attendees who are interested in staying.**



Deschutes County encourages persons with disabilities to participate in all programs and activities. To request this information in an alternate format please call (541) 617-4747.

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# The Office of County Internal Audit

Item IVa

## Recreational Vehicle Park Integrated Audit

#23/24-20



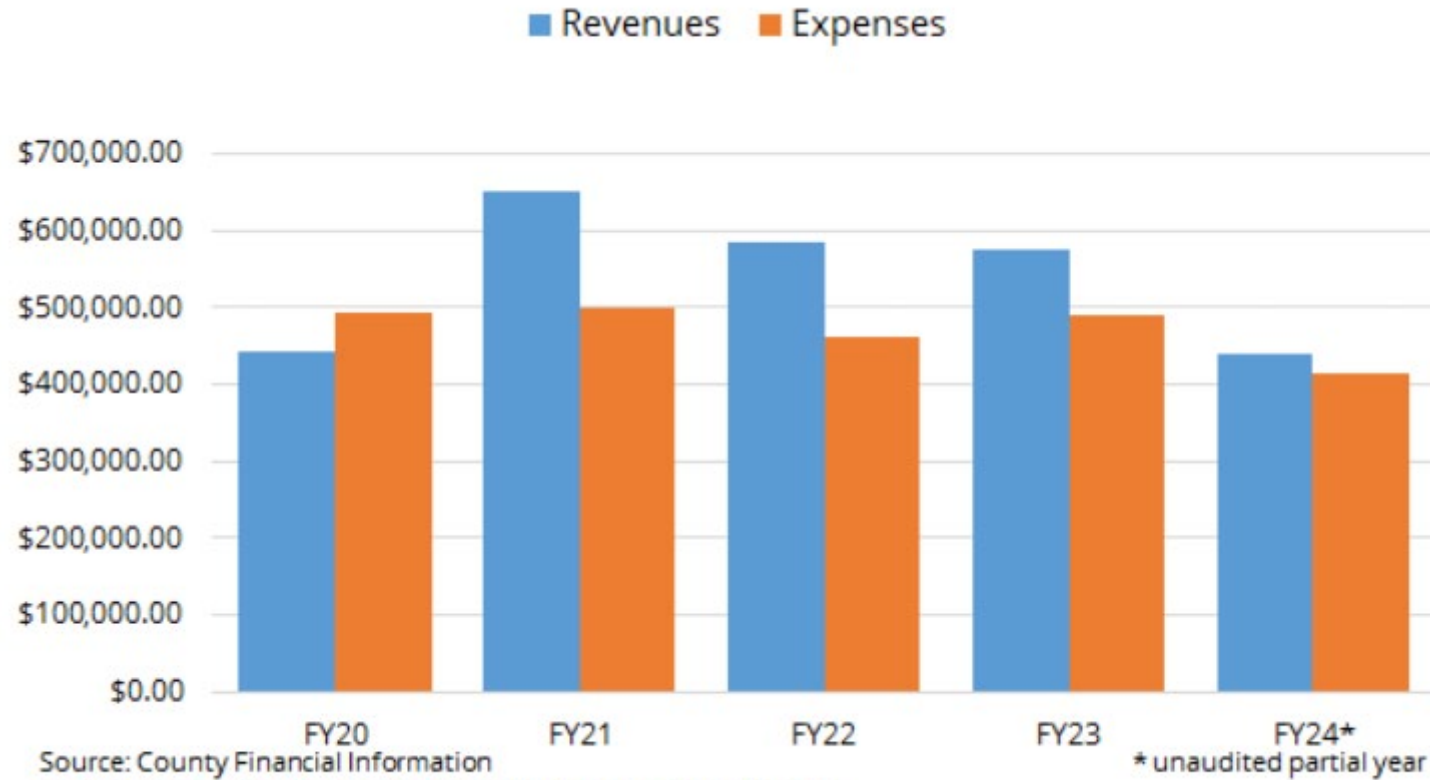
Audit Committee | October 11, 2024

# Background

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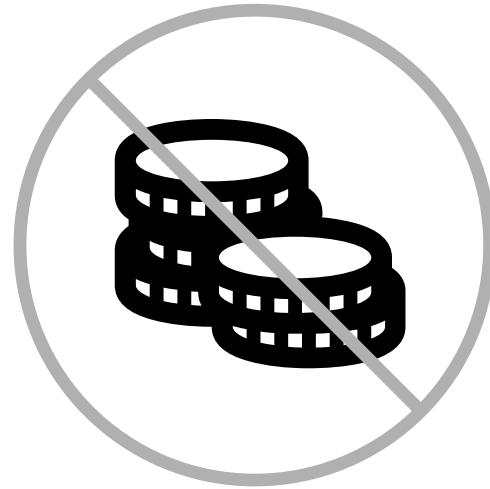
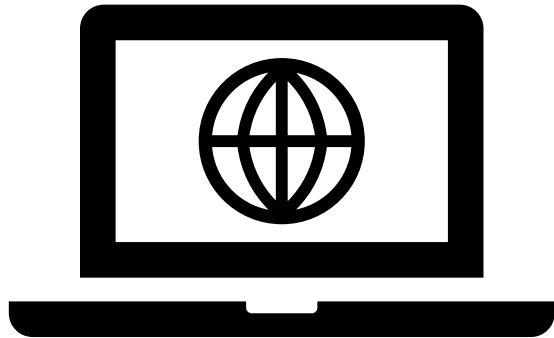


# Financial Background



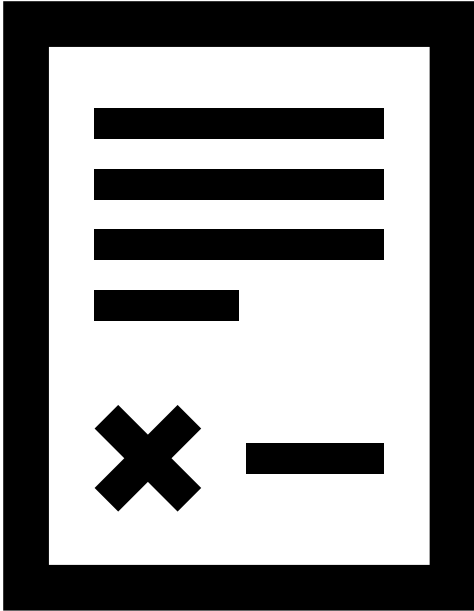
# System Upgrades

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# Observations

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**Procurement in compliance**



# Observations

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**Purchasing card used appropriately.**



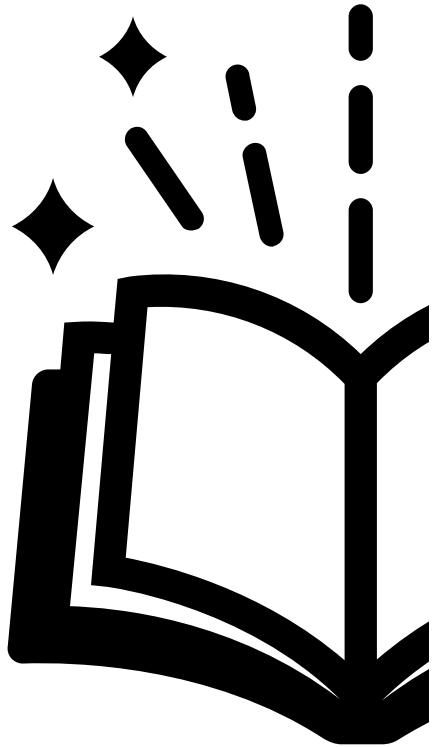


# Findings and Recommendations

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# Financial Procedures

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Procedures not comprehensive enough to cover practices observed.



# Fraud Risk Assessment

Australian Government  
Commonwealth Fraud Prevention Centre

Learn about fraud and fraudsters  
How to assess risks



Risk identification



Risk analysis



Risk evaluation



Risk treatment



# 1. Recommendation

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Conduct a fraud risk assessment and document outcomes.



**Agree**

Will document a fraud risk assessment



## 2. Recommendation

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Document procedures to address the risks identified in the fraud risk assessment.



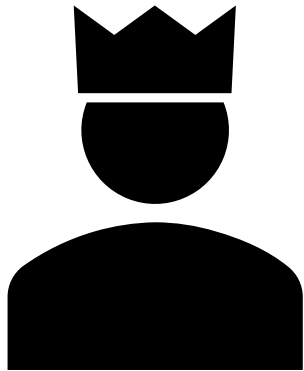
**Agree**

Will use to update procedures



# Segregation of duties

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Concentrated duties in  
a financial system  
creates risk.



# 3. Recommendation

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Use the fraud risk assessment to create information security procedures.



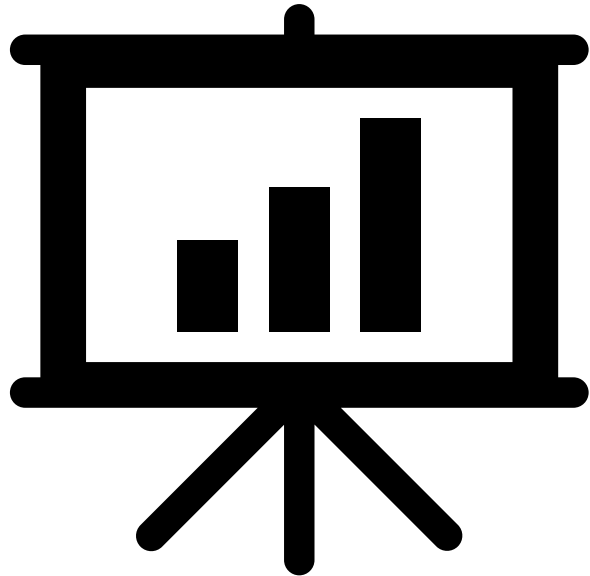
**Agree**

Will use to update procedures



# Performance Reporting

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**Incorporated into the Fair  
and Expo Center  
performance and metric  
reporting**





# 4. Recommendation

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Establish and report on performance measures for the RV Park.



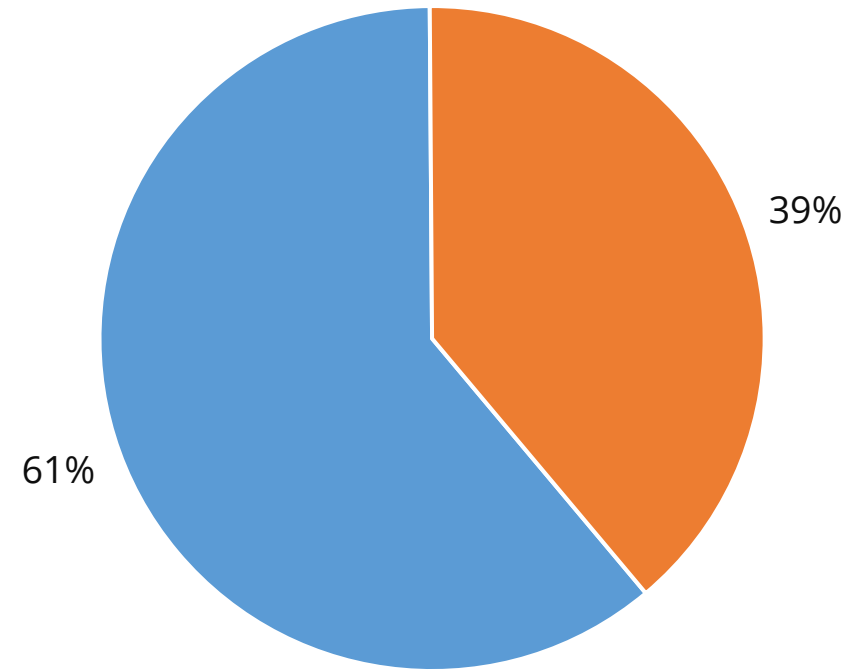
**Agree**

Will consider either separate measures or incorporating RV Park into existing



# Website improvements

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# 4. Recommendation

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Follow through with planned rebuild of website and establish regular evaluations.



**Agree**

Will rebuild website with enhanced focus on all web and park visitors

Will work with County IT to develop procedures for evaluation of websites



# Don't forget to fill out the survey!

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## Questions/ Comments?



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# Thank you



# The Office of County Internal Audit

Item IVb

## County Courthouse Expansion Preconstruction Management

#23/24-18



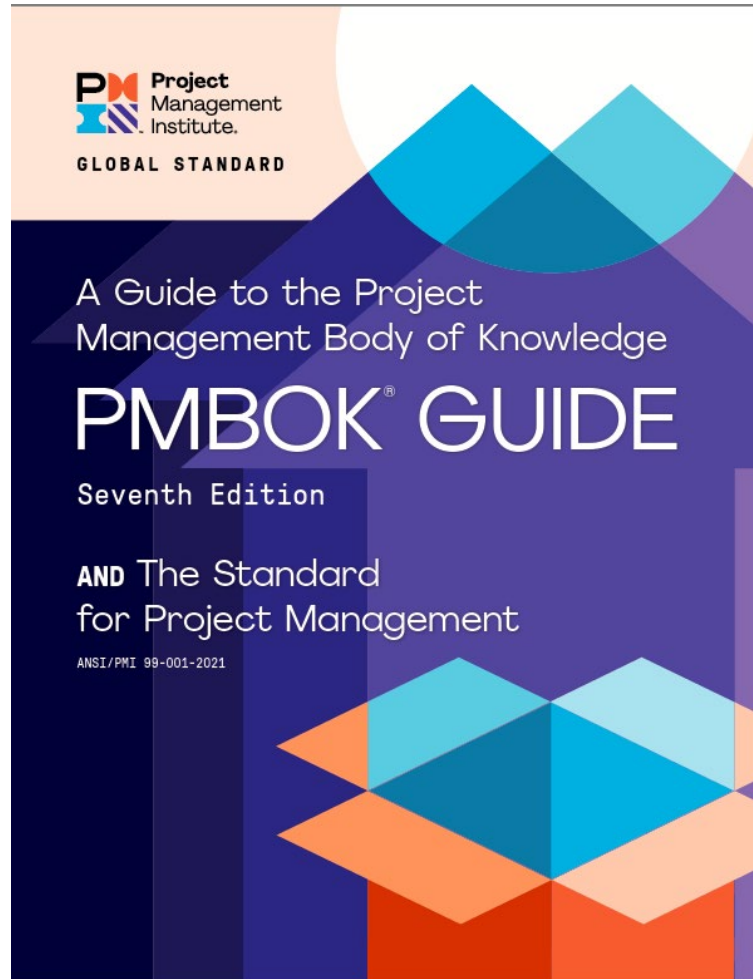
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# The Concept

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# Body of Knowledge

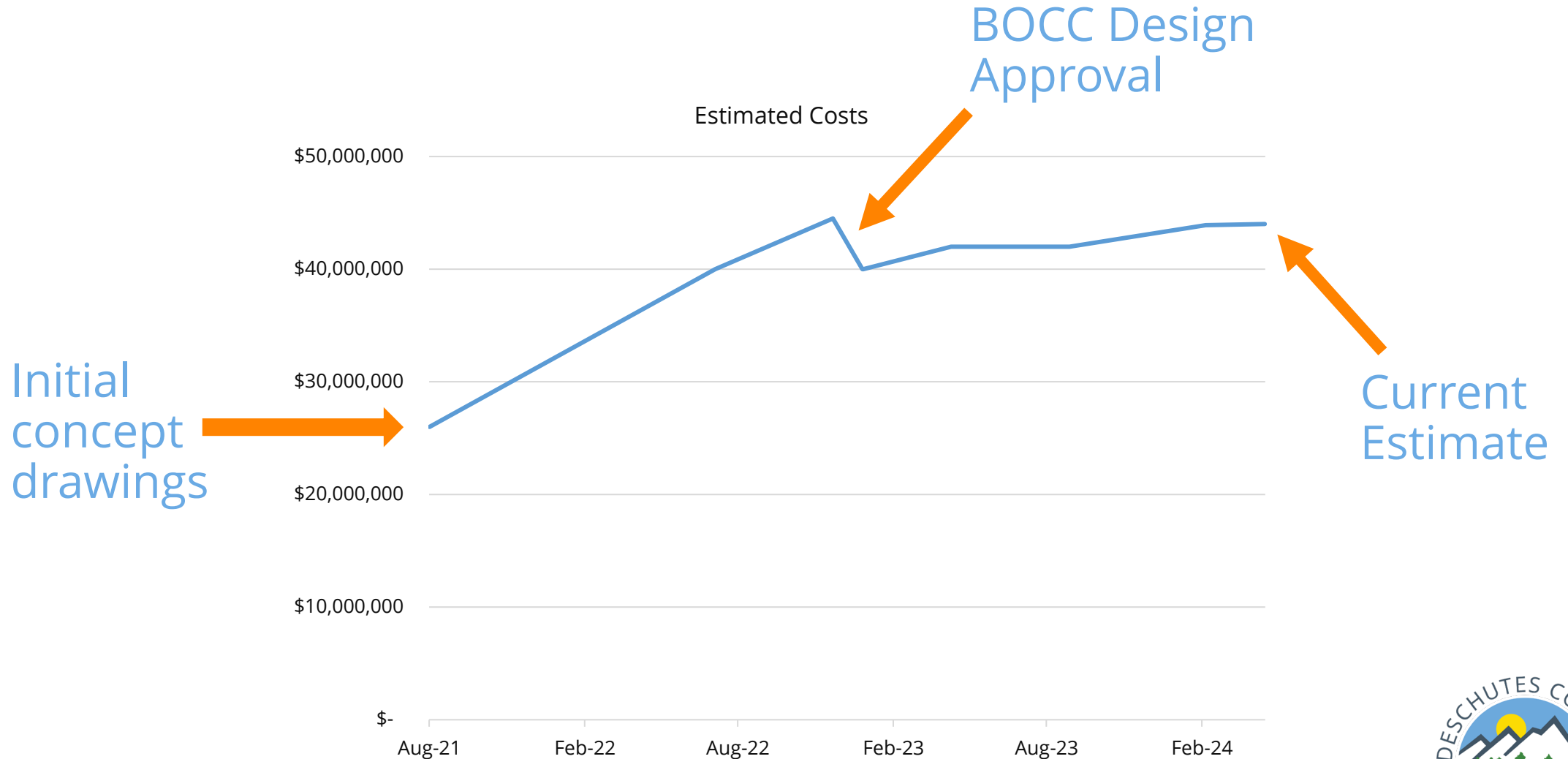


Twelve project management principles covering a wide range of **knowledge** areas and processes **essential** for successful project execution.

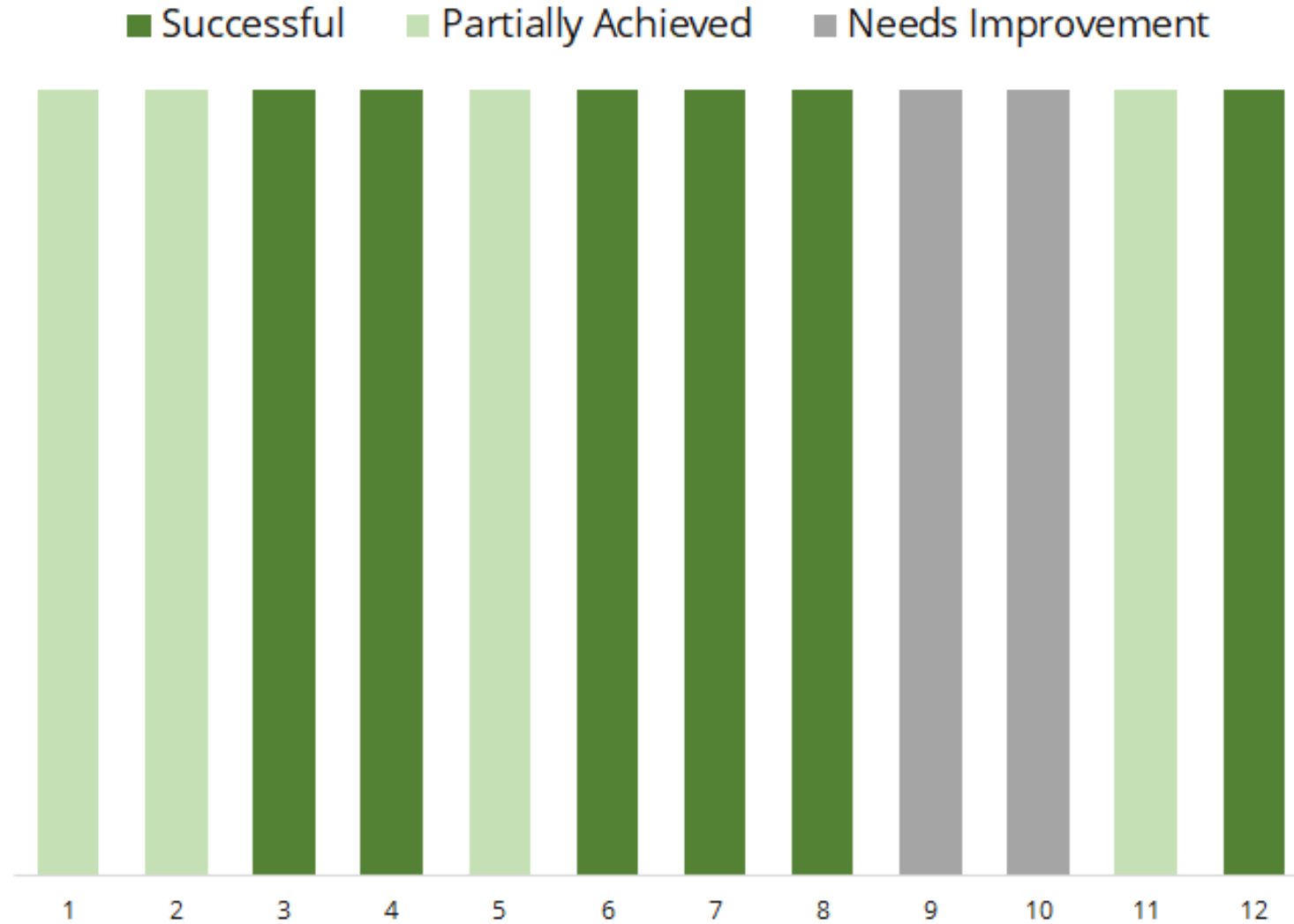




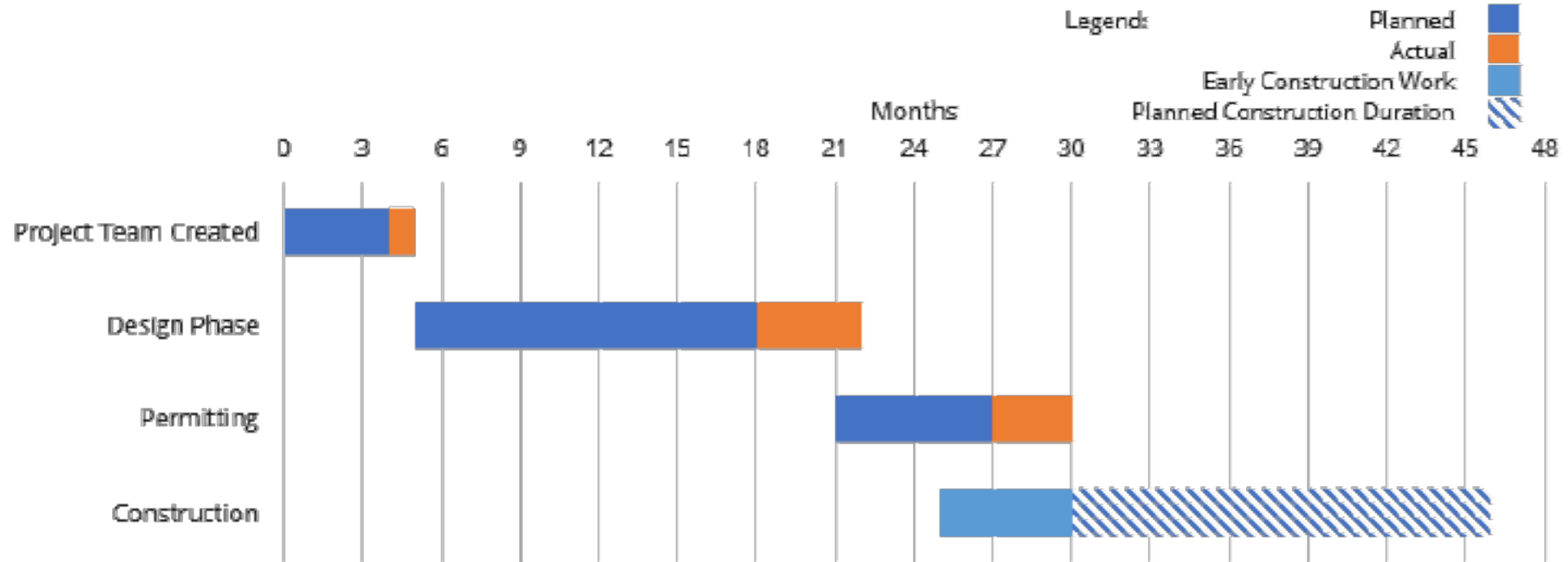
# The Price Tag



# Assessment



# Preconstruction Activities



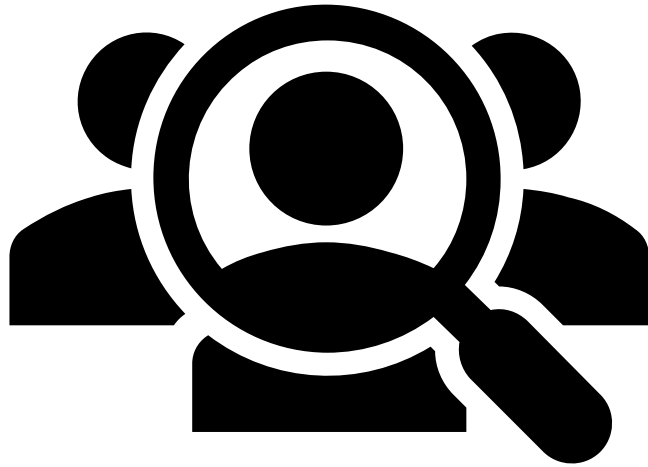
Source: County Financial Information

Initial schedule had construction completed in 37 months.



# Decision Making Roles

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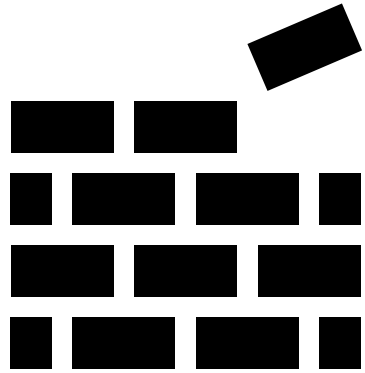


**Who's  
the boss?**



# Causes

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- Reliance on experience and judgement over a project management framework
- Undocumented policies and procedures



# Recommendations

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1. Implement a comprehensive pre-construction planning and risk management framework.
2. Develop and implement comprehensive policies and procedures.



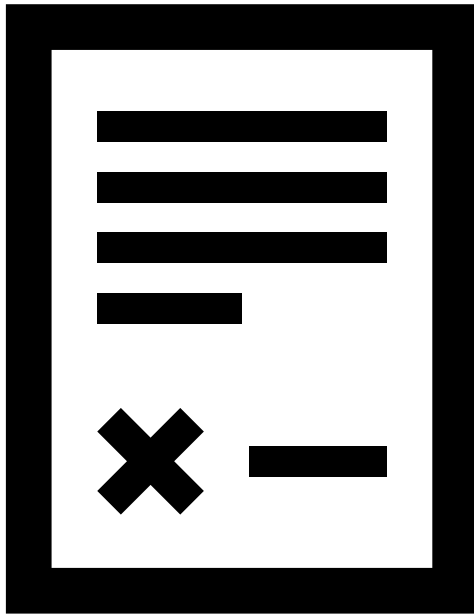
Will implement framework

Some procedural development was in process during the audit



# Contract Management

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**The ultimate  
cost control**



# Recommendation

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3. Coordinate with County Legal to create a CM/GC contract and general conditions template



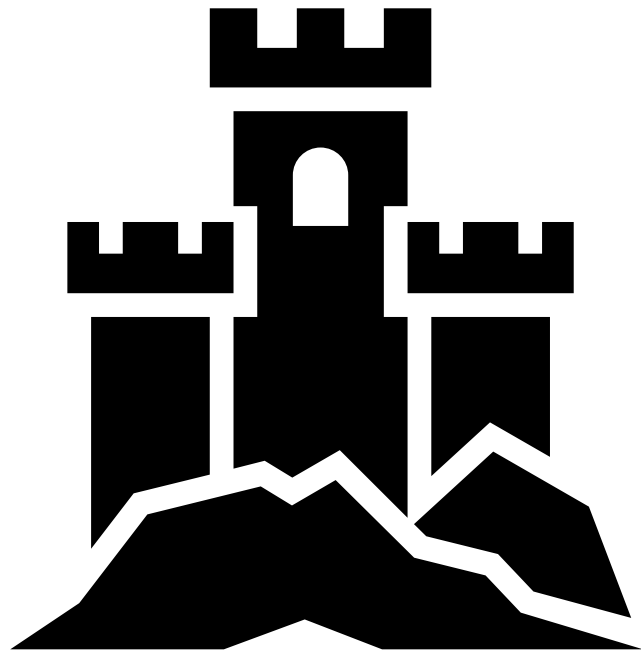
Will create templates





# Until the next installment...

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## Part 2



# Don't forget to fill out the survey!

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## Questions/ Comments?



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# Thank you



# Office of the County Internal Auditor

Item IV c

## Health Benefits Program

Increasing medical costs  
require improved  
oversight  
23/24-16



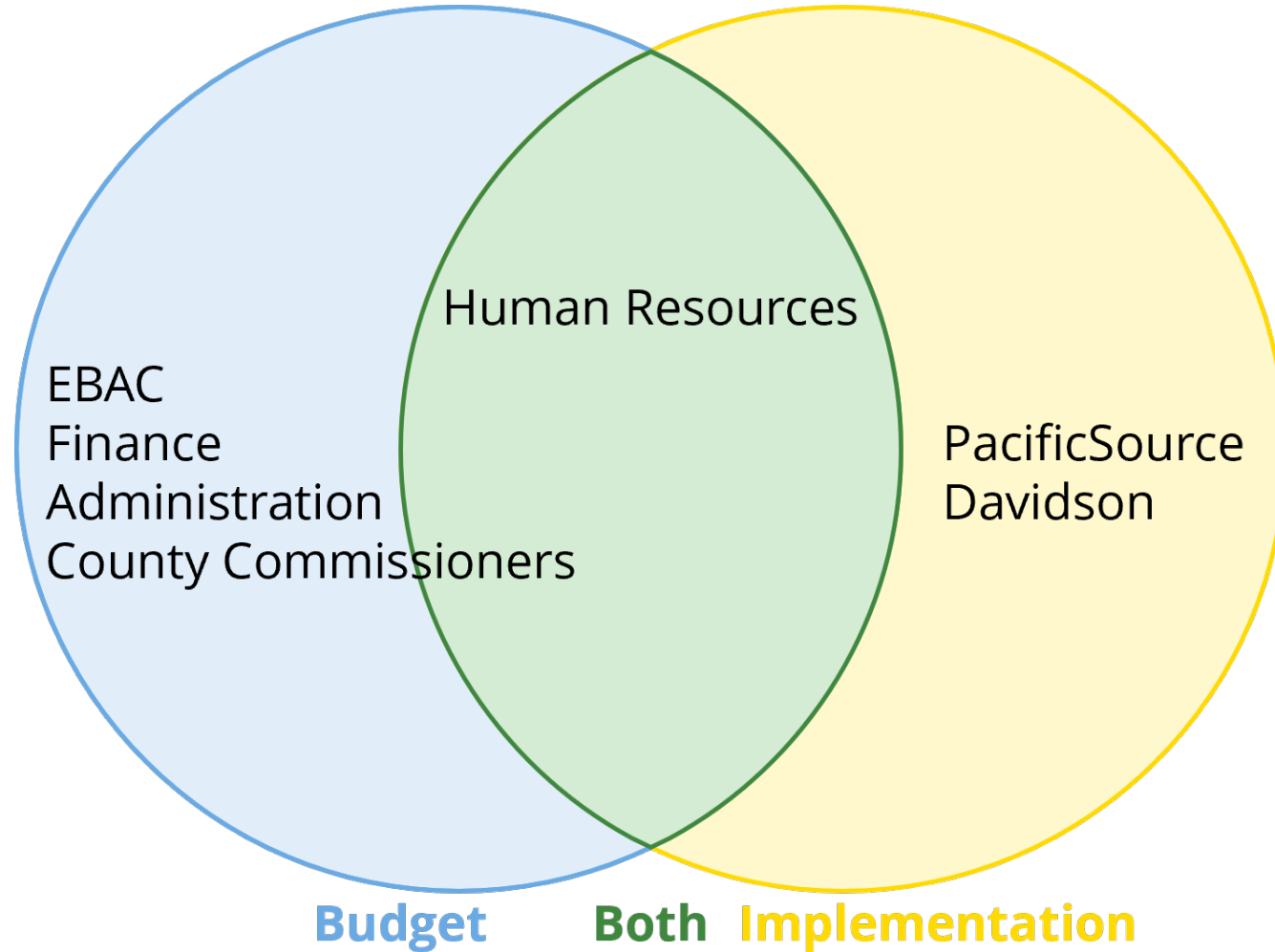
October 11, 2024

# Background

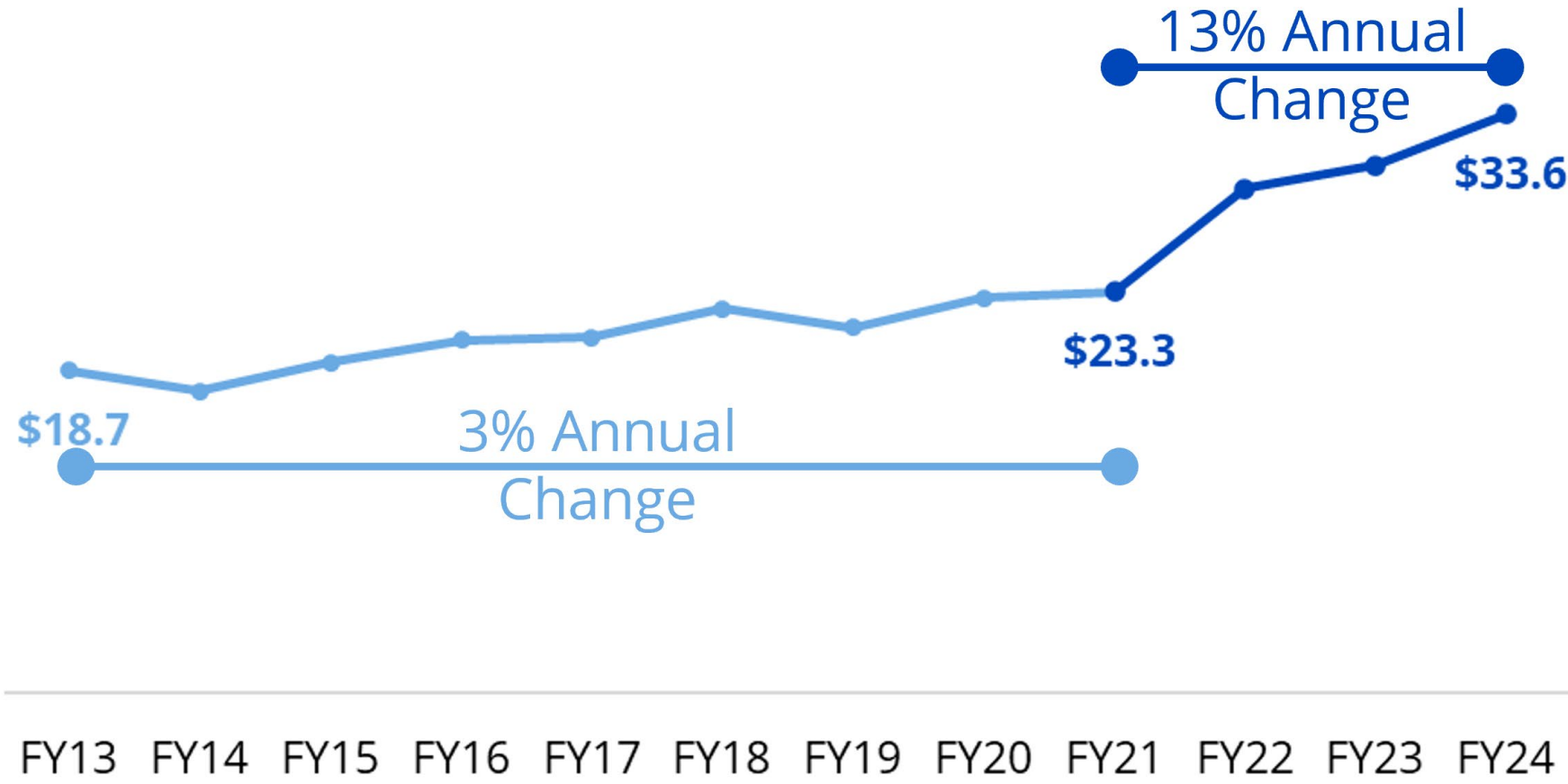
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# Roles

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# Health expenses increased faster after 2023



# Audit Objective

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Determine whether Human Resources staff oversaw the medical health benefits program to control costs and ensure that members received the best service.





# Fieldwork

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Analyze  
Claim Data



Reporting  
from Pacific  
Source



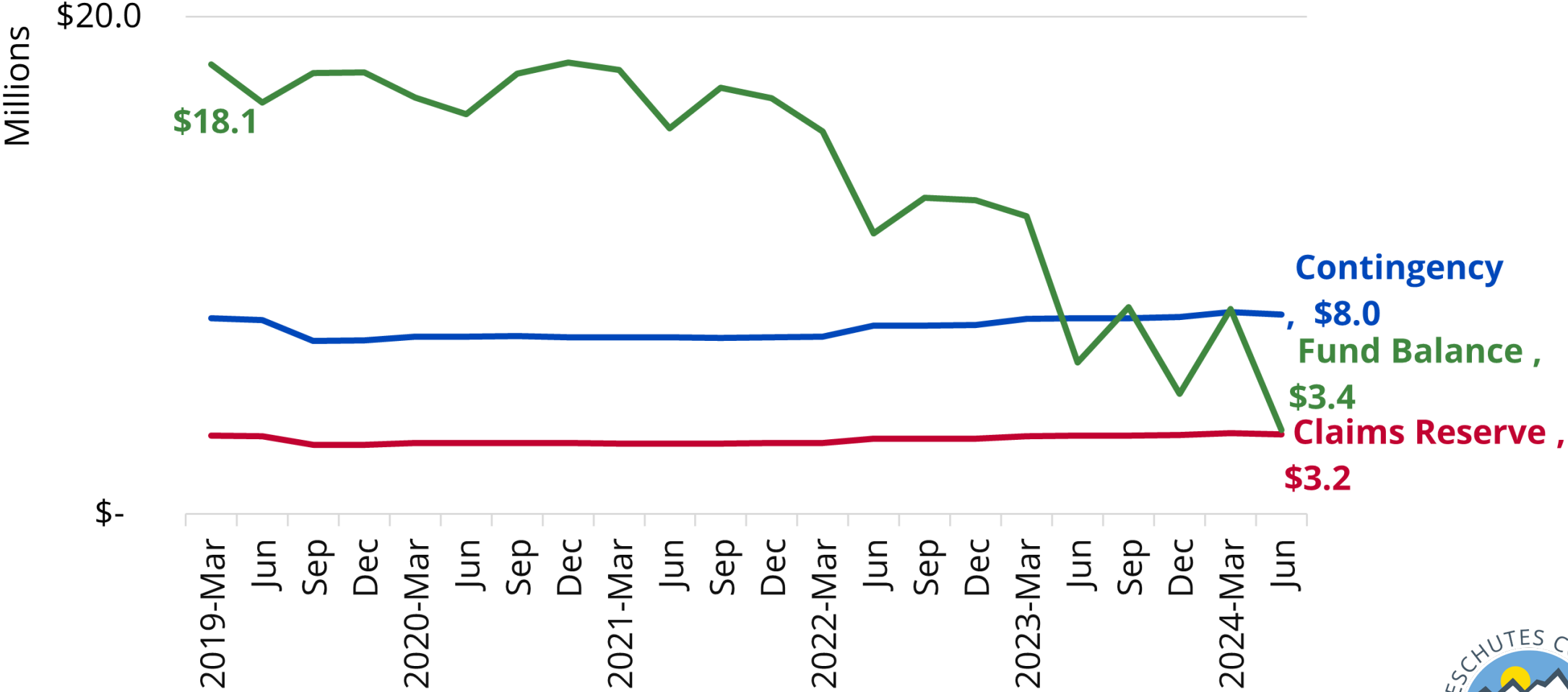
Payments  
to Claim  
Data



# Findings and Recommendations

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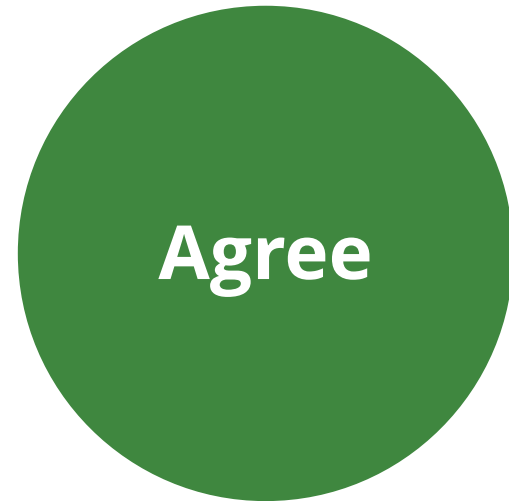
# Reserves below level set by policy



# 1. Recommendation

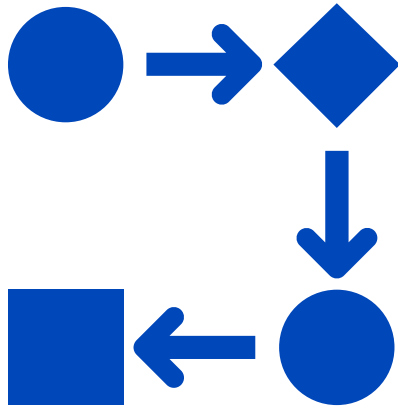
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Root cause analysis and after-action report.



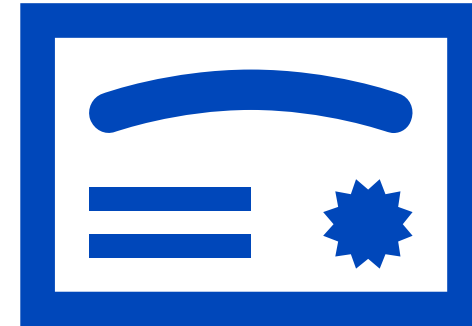
# No data security reporting

## Service Organization Controls



- Explanation of control system
- How well it performs
- Complimentary controls

## HITRUST



- No details
- Would not provide Corrective Action Plan



# 2 & 3. Recommendations

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Require Service Organization Controls report.

Review report and follow-up on non-functioning controls.

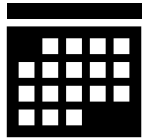


**Disagree**

Accept risk.



# No performance reporting



	Financial Accuracy	Payment Accuracy	Turnaround
2004 Audit	98.7%	93.5%	10.9 days
2008 Audit	99.1%	96.6%	9 days
PacificSource	99.5%	Not provided	9 days
Benchmark	99.5%	97%	14 days



# 4 & 5. Recommendations

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Add performance reporting to next contract.

Share reporting with the benefits advisory committee.



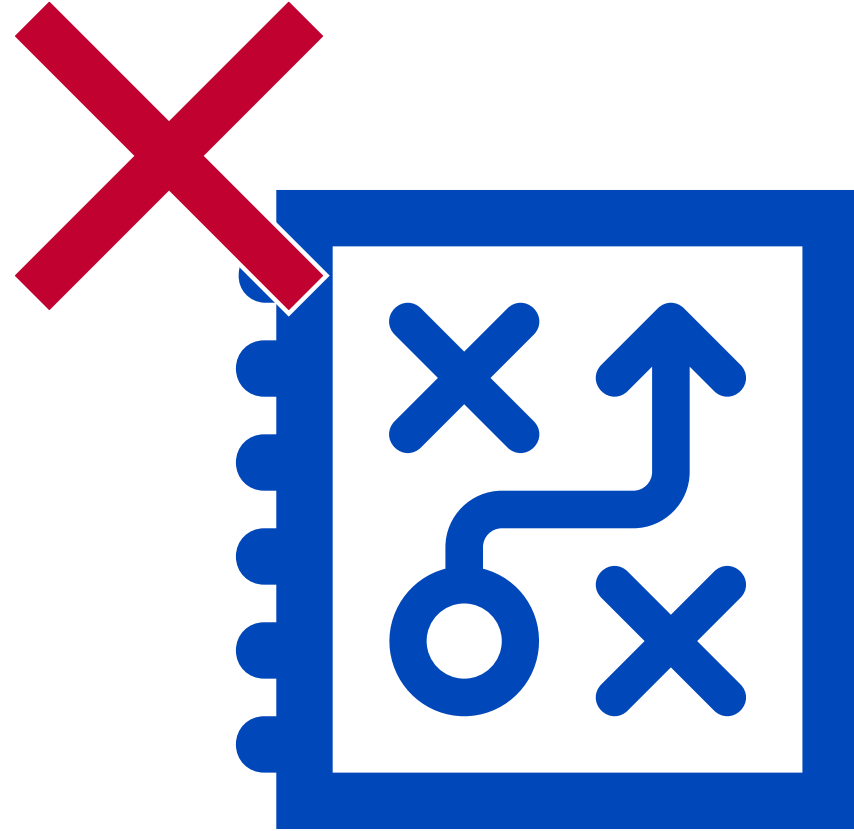
**Agree**





# Accurate payments but no procedure

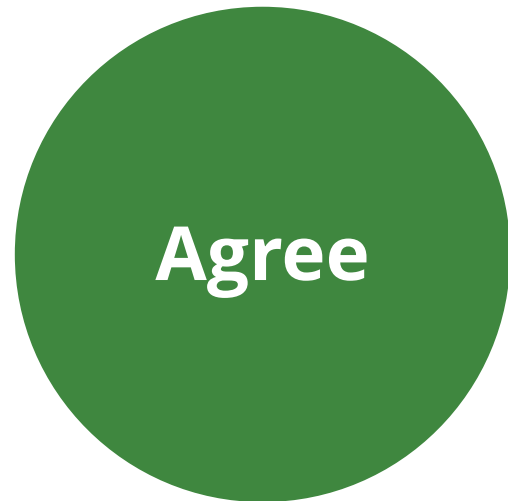
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# 6. Recommendation

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Document procedures to address the risks identified in the fraud risk assessment.



# Questions and Comments?

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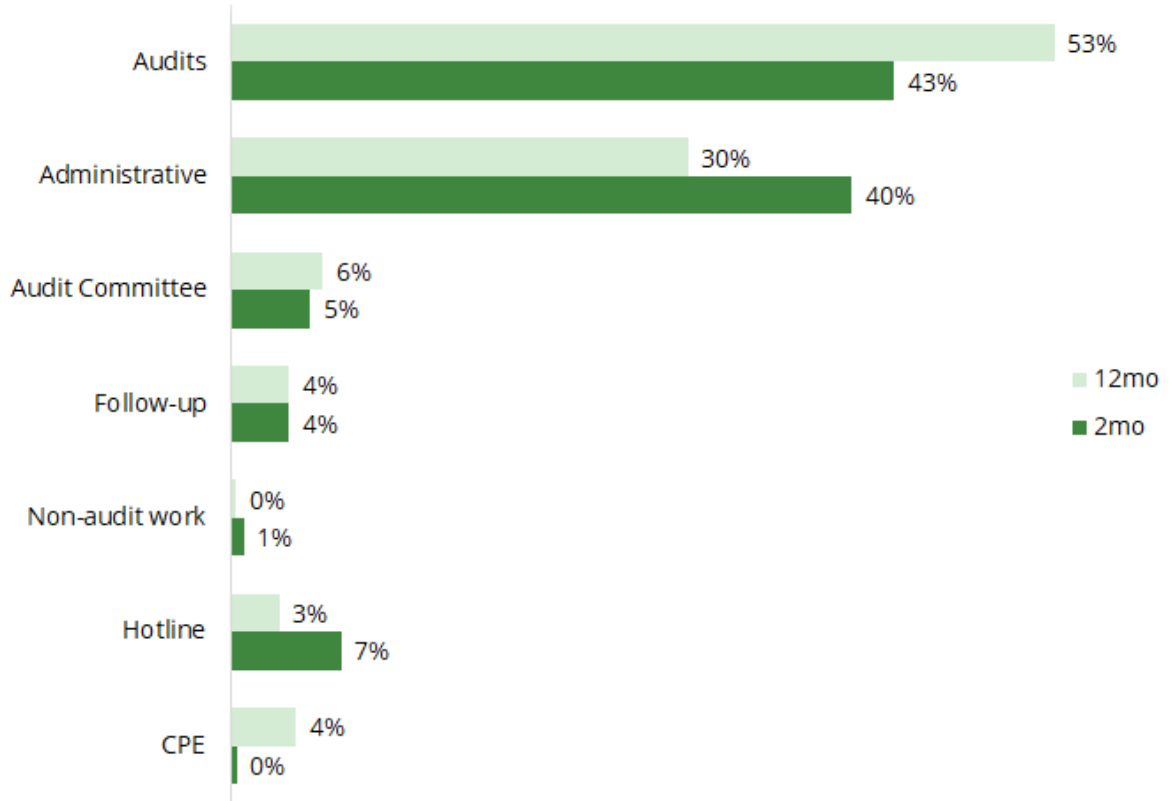
## Complete the Survey!





## INTERNAL AUDIT STATUS REPORT August and September 2024

Highlights for the period include:



**Audit work:**

- Fair and Expo Center Recreational Vehicle Park Integrated - Report issued
- Health Benefits Program – Report issued
- Courthouse Pre-construction Management – Report issued
- Translation and Interpreter Services – fieldwork phase
- Public Health Integrated – fieldwork phase
- Fair Alcohol Sales - planning phase

**Follow-up work:**

- Facilities and Property Management Cash Handling

**Administrative:**

- County meetings and miscellaneous
- Internal process and website improvements

**CPE:** minimal

**Audit committee:** Audit committee meeting and support

**Hotline:** Administration and disposition of reports



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# External Quality Control Review

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of the  
Deschutes County  
Office of Internal Audit

Conducted in accordance with guidelines of the  
**Association of Local Government  
Auditors**  
for the period 7/1/2021 to 6/30/2024

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## Association of Local Government Auditors

October 3, 2024

Elizabeth Pape  
Deschutes County Internal Auditor  
1300 NW Wall St. Ste 206  
Bend, OR 97703

Dear Ms. Pape,

We have completed a peer review of the Deschutes County Office of Internal Audit for the period 7/1/2021 to 6/30/2024. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide for Assessing Conformance with Government Auditing Standards* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests to determine whether your internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States and applicable legal and regulatory requirements. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, and a member of the Audit Committee.

Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case but does imply adherence in most situations. Organizations can receive a rating of pass, pass with deficiencies, or fail. The Deschutes County Office of Internal Audit has received a rating of pass.

Based on the results of our review, it is our opinion that the Deschutes County Office of Internal Audit's internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for engagements during the period 7/1/2021 to 6/30/2024.

We have prepared a separate letter providing findings and recommendations to further strengthen your internal quality control system.

Sincerely,

Larry Stafford, MBA, CIA, CGAP  
Clark County Auditor's Office

Jennifer Lim, CIA  
City and County of Denver  
City Auditor's Office



## Association of Local Government Auditors

October 3, 2024

Elizabeth Pape  
Deschutes County Internal Auditor  
1300 NW Wall St. Ste 206  
Bend, OR 97703

Dear Ms. Pape,

We have completed a peer review of Deschutes County Office of Internal Audit for the period 7/1/2021 to 6/30/2024 and issued our report thereon dated October 3, 2024. We are issuing this companion letter to offer certain findings and recommendations stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- **High Quality Audits:** The audits we reviewed often addressed complex topics. The documentation showed they were well planned and executed. The reports were clear and concise. The high quality of the audit work is further reflected by the Office receiving a Knighton award in 2022 and 2023.
- **Skilled and Competent Auditors:** CPE records, interviews, and records of communications during audits highlight the dedication of auditors to become knowledgeable in the areas under audit.

We offer the following findings and recommendations to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

- Standard 3.18 requires auditors and audit organizations to be independent from the audited entity. The Deschutes County Code requires the Audit Oversight Committee to advise on and approve the audit schedule. County code also requires two members of the committee to be department heads and that they avoid voting on issues related to their departments. We reviewed minutes from committee meetings and did not identify any instances where this conflict of interest was noted. Still, this structure creates a potential threat to independence and risks a department head exerting undue influence. For example, advocating to divert audits away from functions for which they are responsible.

We suggest you develop a process to identify and advise the committee when there are agenda items involving audits or potential audits associated with committee member departments.

We extend our thanks to you, Aaron Kay, and the other officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,

Larry Stafford, MBA, CIA, CGAP  
Clark County Auditor's Office

Jennifer Lim, CIA  
City and County of Denver  
City Auditor's Office



OFFICE OF  
INTERNAL AUDIT

**Elizabeth Pape - County Internal Auditor**

1300 NW Wall St., Bend, OR 97701

(541) 330-4674 - Fax (541) 385-3202

[Elizabeth.Pape@Deschutes.org](mailto:Elizabeth.Pape@Deschutes.org)

October 3, 2024

Larry Stafford  
Peer Review Team Leader  
Clark County Auditor's Office

Jennifer Lim  
Peer Review Team Member  
City and County of Denver  
City Auditor's Office

Dear Mr. Stafford and Ms. Lim,

I have reviewed your report dated October 3, 2024, containing the results of your external quality control review of the Deschutes County Office of Internal Audit. I am pleased you found the work performed from July 1, 2021, through June 30, 2024, was sufficient to pass compliance with the 2018 revision of the generally accepted government auditing standards.

The Deschutes County Office of Internal Audit is proud to follow national standards for government auditing. The standards provide assurances to the public that the office conducts its work professionally. Government audit offices nationwide – at the federal, state, and local level – are required by these standards to maintain systems of internal quality control and to have an external quality review once every three years. Successful completion of reviews, like this one, allows the Office of Internal Audit to state in each audit report that work conducted was in accordance with generally accepted government auditing standards. Each report meets the requirements for issues like auditor independence, due care, professional education, fieldwork, and audit reporting.

We are always looking for ways to further improve and are pleased to have your thoughtful comments about the areas where you found the office excels. We challenge ourselves to conduct relevant audits that drive change rather than sticking to a standard list of safe audits within our comfort zone.



We appreciate your observations and suggestions to further enhance the work being performed. Your recommendation will help the Office of Internal Audit establish stronger independence and continue to ensure that appropriate standards are met. We agree with your comments and plan to take action, as appropriate, to implement your suggestions. The following is a specific response to your comments.

- Standard 3.18 requires auditors and audit organizations to be independent from the audited entity.

County Code requires the Audit Committee to approve the annual audit plan. It also requires that two members of the committee are department heads and that they recuse themselves from decisions related to their departments. The peer review team noted that the decisions about the annual audit plan are related to departments and so department head members should recuse themselves from decisions about the annual plan.

This conflict never occurred to us before. It is great to get an outside perspective on opportunities for improvement. We are in the process of working with the committee on bylaws. As we conduct this work, we will make the Audit Committee aware of this potential conflict and hopefully highlight the need for recusals in the bylaws.

I extend my personal thanks to both of you for participating in the peer review process and your organizations for allowing you to take the time to review Deschutes County's Office of Internal Audit. I also thank Lyndon Remias, City Auditor for the City of Virginia Beach, who helped coordinate this peer review on behalf of Association of Local Government Auditors (ALGA). I found the review process to be a valuable and constructive process. I appreciate the review team's professionalism and thoroughness in conducting the review. I will share your report with the Audit Committee, County Administrator, and Board of County Commissioners and make it available to the public and the media.

Sincerely,



Elizabeth Pape  
County Internal Auditor

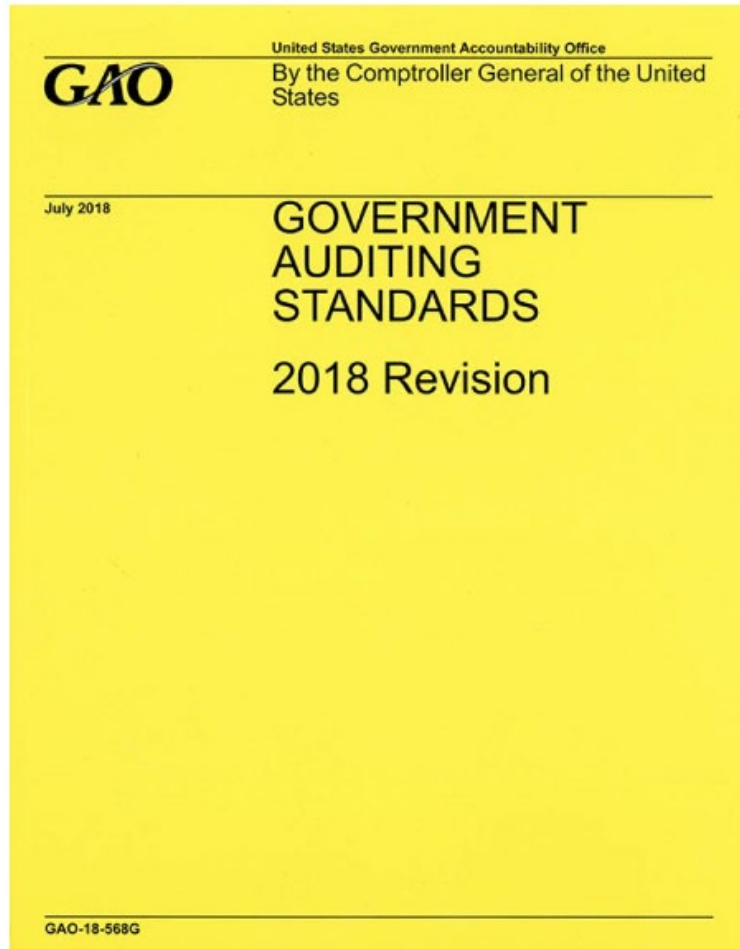
Office of the County Internal Auditor

# Peer Review Results



October 11, 2024

# Government Auditing Standards



Framework for high quality audits

Issued by Comptroller General of the United States

Required by County Code 2.14.090 A:

The audit activities of the Office of County Internal Audit shall be subject to quality review in accordance with applicable government auditing standards by a professional, non-partisan objective group (such as the Association of Local Government Auditors (ALGA))



# General Standards

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Independence



Quality Control



Professional  
Judgement



Fieldwork



Competence



Reporting



# Quality Control Standards

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Annual independence and compliance statements



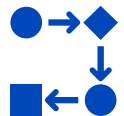
Procedures for adopting an audit plan



Minimum qualifications for staff



Procedures to document continuing professional education



Policies and procedures for conducting audits



Indexing report to evidence and second review



# Review Team

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Association of Local  
Government  
Auditors

Coordinator  
Lyndon Remias  
City Auditor  
Virginia Beach VA

Leader  
Larry Stafford  
Audit Services  
Manager  
Clark Co Washington

Team Member  
Jennifer Lim  
Audit Manager  
Denver Colorado



# Review Objectives

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Assess the adequacy of the audit organization's internal quality control system to provide reasonable assurance of compliance with Government Auditing Standards

- Policies and Procedures
- Continuing Education
- Sample of Audits
- Interviews



# Review Results

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Pass

Pass With  
Deficiencies

Fail

it is our opinion that the internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for engagements during the period





# Review Results



## Association of Local Government Auditors

October 20, 2021

David Givans  
Deschutes County Internal Auditor  
1300 NW Wall St. Ste 206  
Bend, Oregon 97703

Dear Mr. Givans,

We have completed a peer review of the Deschutes County Internal Audit Program for the period 7/1/2018 to 6/30/2021 and issued our report thereon dated October 20, 2021. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- Adding value to the County through extensive knowledge of the County's financial systems and increased efficiency through understanding of information technology.
- Productivity with a high number of audits produced each year.
- Good relationships with County Commissioners and administrative staff. The commissioners and staff we met during our review were positive about the audit and peer review process.
- Your contribution to the profession by being active in ALGA and offering mentorship and advice to other shops, especially other small audit shops.

We offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

- Standard 8.27 requires that auditors inquire of management about the status of any legal proceedings significant to the audit objectives and evaluate the effect of any legal proceedings on the audit. In reviewing the Office's work papers, we could not find documentation that the auditor made these inquiries. The auditor said that he works in proximity to County administrator staff, including legal counsel, and therefore is generally familiar with any proceedings and avoids audit work in those areas.

We suggest that you develop a standard way to document the inquiry.

We extend our thanks to you and the other officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,

Elizabeth Pape  
Performance Auditor  
Team Leader  
City of Portland Oregon

Carol Holley  
Senior Internal Auditor  
Team Member  
City of Surprise Arizona

## Management Letter



# Office Response

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# Questions and Comments?

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# Office of the County Internal Auditor

Item V c

# Global Follow-Up

## Recommendation Risk Ranking



October 11, 2024

# Added Last Year: Highlights

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Successful Resolution

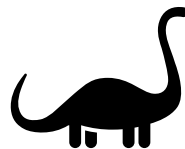
**Finance Department**  
resolved Munis  
security and workflow  
recommendations.



Long Outstanding

**Human Resources**  
Munis  
implementation  
4 years

**Cell phone**  
policy 3 years



High Risk

Comprehensive  
**cyber security**  
program



# Risk Factors

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Performance



Reputational



Financial



Health and Safety



Data Security



Compliance



Data Accuracy



Maintenance



# Example

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Implement a cybersecurity program that includes

- establishing a framework and continuous cycle of activity for assessing risk,
- developing and implementing effective security controls and procedures, and
- monitoring the effectiveness of those procedures as noted above.

0-Performance

2-Financial

3-Data Security

2-Data Accuracy

1-Reputational

0-Health and Safety

1-Compliance

2-Maintenance

11



# Example

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Conduct regular Continuity of Operations Plan exercises and make necessary improvements to identified weaknesses.

2-Performance

2-Financial

2-Data Security

1-Data Accuracy

1-Reputational

0-Health and Safety

0-Compliance

2-Maintenance

10





# Example

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Behavioral Health re-evaluate the division's flexibility to actively respond to the broader needs of the community.

2-Performance  
0-Financial  
0-Data Security  
0-Data Accuracy  
2-Reputational  
2-Health and Safety  
1-Compliance  
0-Maintenance

7



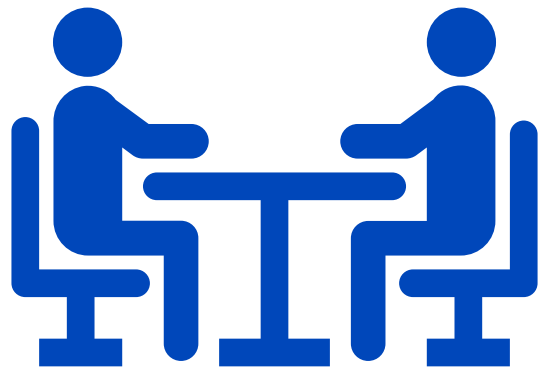
# Questions and Comments?

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# Let us know if you want to help

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# Deschutes County Audit Committee By-Laws

Item V d

## BY-LAWS

### Article I Name and Address

The name of this body shall be the Deschutes County Audit Committee (Committee). The permanent address for the Committee will be 1300 NW Wall St. Bend, Oregon 97703. The Committee shall carry out its responsibilities consistent with Deschutes County Code 2.15.

### Article II Purpose

Consistent with DCC 2.15.001, the Committee is established to advise the Board on fulfilling its responsibilities for financial reporting, internal controls, and compliance with laws, regulations, and ethics within the County. The Audit Committee provides oversight to auditing (external and internal) for the County.

The audit committee receives and reviews County information on:

- A. financial condition;
- B. the accuracy of financial record keeping;
- C. compliance with applicable laws, policies, guidelines, and procedures; and
- D. efficiency and effectiveness of operations.

The Audit Committee strengthens the independence of auditing by serving as a transparent third-party review body.

### Article III Authority

Consistent with DCC 2.15.010, the Audit Committee is an advisory committee. The committee shall advise the Board and County Administrator on significant audit matters including, but not limited to:

- A. The selection, compensation, and removal of external auditors hired to audit the financial statements for the County and its related entities;
- B. Consultation with the County Administrator or Board regarding the appointment or dismissal of the County Internal Auditor should include a consultation with a majority of the public members of the audit committee;

- C. Increases and decreases to the requested budget for the internal audit program;  
and
- D. The work plan for internal audits performed under DCC 2.14.040.

#### **Article IV Responsibilities**

Consistent with DCC 2.15.040, the Audit Committee is responsible for:

- A. Overseeing the independent audit of the County's financial statements, including:
  - 1. Overseeing the selection, renewal or removal of the independent external auditor by making a recommendation to the Board for final approval;
  - 2. Meeting with the external auditors during planning of the audit, presentation of the audited financial statements, and discussion of the letter to management on recommendations; and
  - 3. Overseeing the resolution of audit findings in areas such as internal control, legal and regulatory compliance, and ethics.
- B. Working to assure coordination between the internal and external auditors, management, the County Administrator and Board.
- C. Ensuring the Office of County internal audit performs its function. The committee shall:
  - 1. Review the internal audit ordinance (DCC 2.14) at least every other year;
  - 2. Review proposed internal audit work plans and make recommendations concerning internal audit projects;
  - 3. Review the budget and staffing levels of the Office of County Internal Audit (DCC 2.14.050);
  - 4. Review internal audit reports and other communications developed for the County;
  - 5. Review and provide input on Office of County Internal Audit goals;
  - 6. Review any quality assurance reviews created pursuant to DCC 2.14.090; and
  - 7. Discuss and provide input on the County Internal Auditor's performance review each year.
- D. Making appropriate recommendations concerning the Office of County Internal Audit based upon the reviews that it conducts pursuant to subsection C of this section.

- E. Making an annual report to the Board summarizing the committee’s activities and recommendations. The report may be delivered at an audit committee meeting attended by the Board or may be scheduled for a regularly scheduled meeting of the Board.
- F. Performing other activities related to this chapter as requested by the Board.

### **Article IV Meetings**

#### Section I. Meeting Schedule:

Consistent with DCC 2.15.030, the audit committee shall meet as the committee deems necessary.

All Committee meetings shall be open to the public. Public meeting law requires public notice of the meeting at least 24 hours before the meeting. Meetings will be announced on the Deschutes County public meeting web page and committee members will receive email announcements.

From time to time, the Committee may meet in Executive Session upon motion by any member of the committee for a reason outlined in ORS 192.660. When an Executive Session is called, the Chair will announce the reason for the Executive Session and all non-committee members will be excused. Upon close of the Executive Session the public will be invited back into the room.

#### Section II Quorum:

Consistent with DCC 2.15.030, a quorum shall constitute a majority of the members appointed. Vacant positions shall not be considered in determining whether a quorum exists.

#### Section III Minutes:

Consistent with DCC 2.15.030, minutes shall be prepared in accordance with the Oregon Public Meeting Law.

#### Section IV. Voting:

Each Committee member shall have one vote. Consistent with DCC 2.15.030, a department head audit committee member shall not vote on an issue relating to an audit directly pertaining to his or her department. If there is any question as to whether audit committee members should recuse themselves from a vote, the committee should vote to determine whether the member should recuse himself or herself.

## Article V Membership

### Section I. Composition:

Consistent with DCC 2.15.020, the audit committee shall be comprised of not less than seven or more than nine members appointed by the Board.

Each member shall be appointed to serve a term of two years. Upon initial formation of the committee, the Board may appoint any member to a shorter term. A member may be appointed to more than one term. The Board may remove a member of the committee at any time. In the event of a vacancy on the committee the Board shall, as soon as practicable, appoint a person to serve the unexpired portion of the former member's term.

The committee shall consist of one (1) member county commissioner, two (2) county department head members, and four (4) to six (6) public members. The County Administrator shall be an *ex-officio* nonvoting member. An elected official who is not a department head or county commissioner, for example the treasurer, may occupy one of the department head positions.

A public member shall be a registered voter within Deschutes County. The chair of the committee shall be a public member and shall be selected by a majority of the public members. The chair shall serve a one-year term and may be selected for additional terms. If the public members cannot decide upon a chair, the larger committee shall decide. The chair shall preside over meetings, as well as provide input on topics for the agenda.

### Section II. Nominations:

When there are vacancies, the Committee may make nominations for membership to the Deschutes County Board of Commissioners for consideration and appointment.

### Section III. Attendance:

Committee members shall endeavor to attend all meetings. Two (2) consecutive unexcused absences, without prior notice to the Chair, shall constitute grounds for removal.

### Section V. Removal:

Any member may be removed whenever the best interests of the Committee are not served.

Grounds for removal include without limitation, taking a position that is in conflict with the mission of the Committee or having two (2) consecutive absences from Committee meetings without prior notification to the Chair.

The member whose removal is placed in issue shall be given prior notice of his/her proposed removal and a reasonable opportunity to appear and be heard at a meeting of the Committee. A member may be removed pursuant to this section by a two-thirds majority vote of the total number of members then serving on the Committee, or by majority vote of the Board of County Commissioners.

## **Article VI Officers**

### Section I. Officers:

The Committee shall elect a Chairperson and Vice-Chairperson each to serve a one-year term. In Addition, The Vice-Chairperson shall be eligible for election to the Chair after Chairperson's term ends or they resign. If no other candidates come forward expressing interest in the Chair position, the Vice-Chair may become Chair upon the consent of the Committee. In the event of a Chair resignation, the Vice-Chair may assume the Chair position upon consent of the Committee and finish the resigning Chair's term of office or request a full two-year term.

### Section II. Elections:

Elections of new officers shall take place prior to the end of the calendar year with the new term beginning prior to the first regular meeting of the year in February. Terms will begin and end January 1, unless the election takes place after such date, in which case the term will begin immediately or when feasible. In the event that nominations for Officer positions are not received by the scheduled election, a six (6) month extension will be offered to the current officer. In the event that only one nominee is available for an Officer position, the Committee may elect that nominee through consensus.

### Section III. Duties:

Duties of the officers are as follows:

#### A. Chair:

1. Shall assist the Internal Auditor in preparing the agenda.
2. Shall conduct the meeting in accordance with parliamentary procedure and comply with the rules and regulations of County and State with regard to public meetings.
3. May call special meetings of the Committee as are necessary.
4. Shall serve as an Ex-Officio member of all subcommittees.
5. Shall sign off on advocacy position letters and present to the Board of County



Commissioners when needed.

B. Vice-Chair:

1. Shall assist the Chair as needed.
2. Shall serve as Chairperson during such time as the Chair is absent or unable to serve.
3. Shall sign off on advocacy position letters and present to the Board of County Commissioners when needed.

### **Article VIII Subcommittees**

Subcommittees may be established by the Committee as needed. Only members of the full committee may serve on subcommittees. Potential subcommittee tasks could include leading the Internal Auditor's annual performance review and participating in the selection of contract external auditors. Once a subcommittee has completed all assigned tasks and reported to the Committee, it shall expire.

### **Article IX Conflict of Interest**

Any member's business or personal relationship that may affect impartiality must be disclosed to the full committee.

### **Article X Parliamentary Authority**

Meetings shall be conducted using the general guidelines of Robert's Rules of Order.

### **Article XI Adoption, Amendment**

The Committee shall review, revise, and recommend approval and adoption of these By-Laws. After Committee approval, the By-Laws shall be delivered to the Board of County Commissioners for final approval and formal adoption.

APPROVED BY ### DATE.



## Deschutes County Audit Committee Meeting

Friday, October 11, 2024 – 1:00 PM to 3:00 PM

63360 NW Britta St—Deschutes Room

Type of Meeting: **Audit Committee Meeting**  
Facilitator: **Elizabeth Pape**

### Committee Members

#### Six Public Members

- Daryl Parrish, Retired - City Manager of Covina, CA **{CHAIR}**
- Phil Anderson, Attorney
- Jodi Burch, Financial Controller, Best Care
- Joe Healy, Controller - Sunriver Owners Association
- Kristin Toney, Administrative Services Director Bend Parks and Recreation
- Summer Sears, Summer Sears CPA, LLC

#### Three County Management Members

- Patti Adair, County Commissioner
- Charles Fadeley, Justice of the Peace Justice Court
- Lee Randall, Facilities Director

#### **{Quorum of five}**

#### Also Invited

- Nick Lelack, County Administrator
- Erik Kropp, Deputy County Administrator
- Whitney Hale, Deputy County Administrator
- Bill Kuhn, Treasurer
- Kathleen Hinman, Human Resources Director
- Robert Tintle, Chief Financial Officer
- Jana Cain, Controller
- Aaron Kay, Performance auditor
- Angie Powers, Administrative assistant

## Guests

- Geoff Hinds, Fair and Expo Director
- Eric Neilsen, Capital Improvement Manager
- Jason Bavuso, Interim HR Director
- Trygve Bolken, Human Resources Analyst
- Heather Herauf, Procurement Manager
- Larry Stafford, Audit Services Manager, Clark County Washington

### Special note:

## Next Meeting

**December 13, 2024**

*{See other meeting dates below- please put on your calendar!}*

### **Calendar – Future Audit Committee Meeting**

Meetings are from Noon to 3pm. We generally meet in the Allen Room (or DeArmond Rm), at the Deschutes Services Center (County/State building). Locations may vary, so please watch for notifications. ***Please put these dates on your calendars and let me know if you have any conflicts.***

*(General rule: Even Number Months, second Friday of the month, 1pm -3pm)*

- **December 13, 2024 – Friday (noon-3pm) Hybrid**
- **February 14, 2025 – Friday (1pm-3pm) Hybrid**
- **April 11, 2025 – Friday (1pm-3pm) Hybrid**
- **June 13, 2025 – Friday (noon-3pm) Hybrid**

### **Committee Appointments and Expiration Dates 4-6 Public; 3 County**

<b>Name</b>	<b>Type</b>	<b>Original Appt.</b>	<b>Appt. Expiration date</b>
Phil Anderson	Public	7/1/24	6/30/26
Jodi Burch	Public	10/9/19	6/30/25
Joe Healy	Public	9/7/22	6/30/26
Daryl Parrish	Public	9/7/16	6/30/26
Kristin Toney	Public	1/2024	6/30/25
Summer Sears	Public	10/9/19	6/30/25
Patti Adair	County	1/2019	12/2024
Charles Fadeley	County	9/1/21	6/30/25
Lee Randall	County	9/1/21	6/30/26

(Committee composition 4-6 Public, 3 County) (7-9 total)

## Status of Communication / Reports

Communication / Report	Status
County code review – Audit committee and County Internal Auditor	Reviewed 6/2024 – no changes
Audit Committee survey	<b>{Next survey 2026}</b> Last survey 2023
Continuing education activity	<b>Ongoing presentations</b>
New audit committee member orientation	Orientation for new member
Deeper understanding of County operations. Meetings at departments.	Facilities 8/2024 Information Technology Tour 9/2022 Elections discussion 9/2020
Annual report to Board of County Commissioners	12/8/23 meeting
Reports of possible material violations of laws or alleged breaches of fiduciary duties are discovered.	None noted
County updates on changes	Standing Agenda Item
Significant audit issues or changes	No updates
Understanding County internal controls	Presentation Planned 2/2025
Review and ensure significant external audit recommendations are addressed.	None for FY23 Annual Comprehensive Financial Report
External audit recommended financial entries have been posted.	None for FY23 Annual Comprehensive Financial Report
Review and ensure significant Internal audit recommendations are addressed.	See ongoing follow-ups.
Reviews management representation letters.	Last done 9-2020
Assesses any independence issues with External auditors from non-audit work.	Agreement to perform policy reviews No non-audit work performed
Adjustments to financials from the external audit process are reviewed by audit committee.	None received for FY23 Annual Comprehensive Financial Report
Audit committee is consulted if management seeks a second opinion on accounting or audit matter	None in FY through 10/2024
Review of internal audit plan and budget	Budget discussion 3/2024

Communication / Report	Status
	Bi-Annual Work plan through 6/2025. Adopted 6/2023, updated 6/2024
Process to assess effectiveness and value of internal audit.	Performance measures – Overall survey rating 91% FY23
Peer review performed (every 3 years. Internal audit reporting relationships reviewed)	<b>{Next Peer review scheduled 2027}</b> Peer review completed 10/2024
Establishes and manages the process for the selection, appointment, oversight, evaluation, retention and preapproval of services of the external auditors. Oversees fees.	Contract and support completed 6-2022 (contract good for 5 years before option)
Succession planning for audit committee	Board driven.
Whistleblower Hotline report (biannual?)	No report 7/2024 First report 7/2022