



Deschutes County Board of Commissioners
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AGENDA REQUEST & STAFF REPORT

For Board Business Meeting of 12/02/2015

DATE: 11-18-15

FROM: David Givans Administrative Services - Internal Audit 330-4674

TITLE OF AGENDA ITEM:

Presentation of Audit Committee 2014/2015 annual accomplishments report.

PUBLIC HEARING ON THIS DATE? No

BACKGROUND AND POLICY IMPLICATIONS:

The audit committee provides the Board of County Commissioners an annual report each year covering their responsibilities and accomplishments over the past year. This provides an opportunity to report on their efforts with the external auditors and County Internal Auditor.

FISCAL IMPLICATIONS:

None

RECOMMENDATION & ACTION REQUESTED:

No action required.

ATTENDANCE:

Shawn Armstrong, Chair of Audit Committee
David Givans, County Internal Auditor

DISTRIBUTION OF DOCUMENTS:

Not applicable



Deschutes County Audit Committee 2014/2015 Accomplishments report

Audit Committee:

Public members (5 of 6 positions currently filled, 4 positions required)

- CHAIR, Shawn Armstrong (member since 9/2014)(term expires June 2016)
- Chris Earnest (member since 7/2010)(term expires June 2016)
- Lindsey Lombard (member since 9/2014)(term expires June 2017)
- Michael Shadrach (member since 3/2009) (term expires June 2017)
- CHAIR, Jennifer Welander (member since 7/2010)(term expires June 2016)

County management (3 of 3 positions filled)

- Anthony DeBone (member since 3/2011)
- Dan Despotopulos (member since 9/2012) (term expires June 2016)
- Nancy Blankenship (member since 6/2013) (term expires June 2017)

Recent member departure

- Gayle McConnell – five years with committee

- The committee currently has one volunteer public position open that is posted on the County website.
- The committee met five times this past year. (11/13, 3/12, 4/24, 6/11, 9/10). We held one meeting at Juvenile Department and received a tour of the Juvenile detention facility. One special meeting was held on 4/24 (discussed below).
- The committee reviewed the County code for the audit committee and the County Internal Auditor and had no suggested language changes (6/11).
- The committee performed a self-evaluation survey and developed some areas to work on (6/11).
- Shawn Armstrong became Chair with the March 2015 audit committee meeting (3/12).
- Reported on the accomplishments of this committee to the Board (11/13).

External Auditor – Eide Bailly

- We met with external auditors to discuss audit planning. Discussion was held on communications received from the Secretary of State and the external auditors' plan for addressing concerns. Committee had extensive discussion regarding their reporting issues. Their work was coordinated with the recent work and audit plan of the internal auditor (6/11).
- The committee convened a special meeting to discuss concerns from Finance on continuing with current auditors (4/24).
- We discussed the significant increase in external audit hours and potential impacts in moving forward (3/12).
- We met with external auditors to review results of audits – FY 13/14 Comprehensive Annual Financial Report (CAFR), recommendations for management and other required communications. (11/13)

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Internal Auditor

- The County Internal auditor proposed a workplan, for which the audit committee approved the plan for one year. We have monitored and added items to the internal audit workplan as needed. The internal auditor, in addition to audits, has been working with County management on the selection of a new Finance/HR system.
- We reviewed internal audit reports issued with departments and management.
 - Four performance reports issued (5 performance audits were issued in the prior year). These reports continue to be published on the County's internet site.
Note: Counts of reports were taken from November 2014 through October 2015
- We reviewed follow-up reports indicating the status of recommendations.
 - Four follow-up reports issued including a global follow-up report (5 follow-up reports were issued in the prior year)
- We continue to monitor the internal audit program's performance measures. These indicate a high level of performance.
 - Customer satisfaction survey indicated 96% overall satisfaction (Benchmark *88%)
 - Recommendation acceptance rate is 100%. (Benchmark *79%)
** Performance was above benchmarks for small audit organizations from the 2012 Benchmarking and Best Practices Survey issued by the Association of Local Government Auditors (3/2013). Awaiting new survey results.*
- We provided input to the County Administrator used to perform the evaluation of the County Internal Auditor. (8/2015)

Summary Conclusions

- The External Auditors are independent of the County and completed their audit of the FY13/14 financial statements effectively and in accordance with the audit plan approved by the Audit Committee. The external audit process was well coordinated with County Management and the Internal Auditor. There were no external auditor recommendations requiring follow-up.
- Internal Audit for the County consists of one auditor and with a budget spending level of approximately \$140,000 annually (salary, benefits and miscellaneous department expenses). County Management has responded appropriately to Internal Audit recommendations. We have concluded the scope and effectiveness of the Internal Audit function is satisfactory for the County at this time.