

# AGENDA

## Clackamas County Audit Committee

April 1, 2025, 4:00PM (recorded<sup>1</sup>)

Zoom Meeting ID:

**Committee:** Craig Roberts, Clackamas County Chair  
Paul Savas, Clackamas County Commissioner  
Jane Vetto, Legal Counsel

Christina McMahan, Director of Juvenile Services  
Josh Kam, Public Member  
Scott Johnson, Public Member  
Michael Osborne, Public Member  
Wendy Rader, Public Member, County Budget Committee Liaison

### Committee

**Staff:** Elizabeth Comfort Director, Finance  
Ethel Gallares, Deputy Finance Director  
Sue Unger, Accounting Manager  
Bouavieng Bounnam, Grant Manager

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## Agenda

1. Introductions:
2. Approval of August 9, 2023 & August 12, 2024 meeting minutes
3. FY 2024 Audit Results
  - a. Clackamas County Financial Statements
  - b. Single Audit
  - c. IT Audit
4. Open for Other Items
5. Adjourn

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The Audit Committee meets several times a year, with independent auditors, to assist in planning and reviewing results of the audits; as well as recommending a course of action to staff and/or the Board of County Commissioners. The Committee also provides review and independent oversight of the County's financial reporting processes, internal controls and independent auditors.

<sup>1</sup>Recordings will be saved for one year from the meeting date and will be provided upon request.

# **Clackamas County Audit Committee - Minutes**

**August 9, 2023, 2:00PM (recorded<sup>1</sup>)**

**Committee Present:** Tootie Smith, Clackamas County Chair  
Mark Shull, Clackamas County Commissioner  
Josh Kam, Public Member  
Scott Johnson, Public Member  
Michael Osborne, Public Member

**Committee Absent:** Samuel Scull, Public Member  
Kenny Sernach, Public Member, County Budget Committee Liaison

## **Committee**

**Staff:** Elizabeth Comfort, Director, Finance  
Gary Schmidt, County Administrator  
Patrick Williams, Deputy Finance Director  
Sue Unger, Accounting Manager  
Joseph Rosevear, Grant Manager

## **Additional**

**Attendees:** Ashley Osten, Moss Adams  
Kevin Mullerleile, Moss Adams  
Leila Annen, Moss Adams

**Meeting began at approximately 2:01PM**

## **Introductions**

Chair Smith opened the meeting and the attendees introduced themselves.

## **Approval of the Previous Meeting Minutes**

- November 2, 2022 (included in meeting invitation & sent out with the agenda)
- July 12, 2023 (included in meeting invitation & sent out with the agenda)

Chair Smith moved to approve the minutes. Confirmed with Mr. Schmidt that both could be approved under one motion. Mr. Shull made a motion to approve the minutes. Seconded by Mr. Kam, the motion passed with 5 out of 7 voting members present and 5 in favor.

**Clackamas County Audit Planning for Fiscal Year 2022-2023 – Moss Adams** Ms. Comfort asked Ms. Osten to share her prepared presentation for the official kick off of the 2023 audit, schedule and general plan. Ms. Osten introduced the Moss Adams team of herself, Ms. McLeary-Moore, Mr. Muellerleile and Ms. Annen. She spoke about the required communications by the auditors. The entrance required communications (see slide). Ms. Osten handed it off to Mr. Muellerleile to speak to the responsibilities of the auditors. (See presentation.) He spoke about the audit process starting with internal controls, analytical procedures and substantive procedures and if anything has changed since last year including the TS audit. (See presentation.) Ms. Comfort said that the testing portion of the internal controls will start in October. Mr. Muellerleile stated that there is a slide later in the presentation regarding timeline. He spoke on the definition of materiality which is calculated as quantitative

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and how significant risks are identified. (See presentation.) As part of this they consider where fraud could have occurred or did occur such as misstatement of revenue or expenditures. The auditors will reach out to those within the County to get information about potential fraud. Mr. Muellerleile handed off the presentation to Ms. Annen to speak on the IT General Controls Assessment with a focus on PeopleSoft Financial Services, PeopleSoft Human Resources & Ascend but potential inquiries on any new systems identified during the audit. The IT audit focuses on Change Management, Logical Security and Access, Operations (backups and batch processing), and cybersecurity questionnaire. The field work will start August 21-30, testing Aug 21 - Sept 15 to extend as needed, the end meeting and debrief memo to be determined but most likely in Sept or Oct.

Ms. Osten took over the presentation to speak to audit timing. The entrance meeting is this meeting today. The IT audit will be August, Sept 4-8 interim fieldwork for the Annual Comprehensive Financial Report (ACFR), Sept 16-Dec 1 final fieldwork for 8 component units financial statements audit, Jan 15-Feb 2 final fieldwork for ACFR. (see presentation)

Standards to be adopted in 2023. GASB 91 Conduit Debt Obligations, GASB 94 Public-Private and Public-Public Partnerships and Availability, GASB 96 Sub Based Info Tech Arrangements, GASB 99 Omnibus 2022. (see presentation)

Ms. Osten shared resources and contact information and stopped sharing and asked for any questions.

Chair Smith asked if there were any questions. Mr. Shull asked if we would see some clarity on where there were redundant expenditures and duplicate efforts related to expenditures. Ms. Osten said that this isn't something they look for specifically but that if there were concerns to reach out. Mr. Shull stated that he was satisfied with her response.

### **Audit preparation schedule**

Ms. Comfort shared the audit prep schedule. Ms. Osten stated that this schedule is a more detailed schedule of what she shared in her presentation. This is for management and when they will provide info to the auditors. These dates can be adjusted by a few days as necessary, but the dates are pretty close. The County is expected to issue 2-28-24 and that has already been communicated to the committee and the Board of County Commissioners. Mr. Muellerleile stated that there could be a meeting summarizing all audits when the ACFR is issued. Chair Smith said that would be preferable. Ms. Comfort asked for the committee's confirmation of support of the schedule. Chair Smith confirmed that the committee had expressed their agreement.

### **Other Items**

Chair Smith opened the meeting up for any other issues. There were none. She thanked the new and reappointed members. Nothing from Mr. Smith or Ms. Comfort.

### **Meeting Adjourned at 2:31pm**

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# Clackamas County Audit Committee - Minutes

August 12, 2024, 2:00PM (*recorded*<sup>1</sup>)

## Committee Present:

Tootie Smith, Clackamas County Chair  
Rod Cook, Director of Health, Housing and Human Services  
Christina McMahan, Director of Juvenile Services  
Josh Kam, Public Member  
Scott Johnson, Public Member  
Michael Osborne, Public Member  
Wendy Rader, Public Member, County Budget Committee Liaison

## Committee Absent:

Ben West, Clackamas County Commissioner  
Jane Vetto, Legal Counsel

## Committee Staff:

Elizabeth Comfort Director, Finance  
Patrick Williams, Deputy Finance Director  
Sue Unger, Accounting Manager  
Bouavieng Bounnam, Sr. Grant Accountant

## Additional

**Attendees:** Ashley Osten, Moss Adams  
Kevin Mullerleile, Moss Adams  
Ben Tellin, Moss Adams

**Meeting began at approximately 2:01PM**

## *Introductions*

Chair Smith opened the meeting and Ms. Comfort introduced attendees.

## ***Approval of the Previous Meeting Minutes***

- August 9, 2023 (included in meeting invitation & sent out with the agenda)

Chair Smith moved to approve the minutes. Seconded by Mr. Osborne, the motion was approved with 4 out of 7 voting members present at the time it was presented for approval and 4 in favor. There wasn't a quorum so the minutes will have to be presented for approval at the next meeting.

## **FY 2023 Audit Results – Moss Adams**

Ms. Comfort asked Ms. Osten to share her prepared presentation for the FY23 audit results. Ms. Osten presented and introduced her team. A clean unmodified opinion was issued on the County financial statements. There was one significant deficiency in internal controls related to the Housing Authority of Clackamas County which will be discussed later. There was one excess expenditure over appropriations in the County School Fund which did not result in a finding.

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There was one significant deficiency in internal controls over financial reporting in the Single Audit with no compliance findings. One significant deficiency in internal controls over the reporting compliance requirement for COVID-19 – Health Center Program Cluster with no compliance findings. The County is required to file a report called FFR report and of the three tested none were filed timely or there was no record of a report being filed timely and a recommendation to maintain those records going forward.

They looked at the internal control environment including all of the items listed on the presentation slide as well as walk throughs with management to make sure they understood the control in place and operating effectiveness testing to confirm they are operating effectively. They also looked at net pension liability because it is a very large liability on the County's books to make sure recognition of that liability is appropriate and that contributions made by the County are correct. Also, net OPEB liability, bond activity, capital assets to make sure recognitions of those liabilities are appropriate and contributions are correct.

They looked at revenue recognition to test that they were recorded in a timely and appropriate manner and collectability of receivables and any necessary allowances were also recorded correctly. They also considered whether the net position was classified correctly between unrestricted, restricted and net investment in capital assets.

For the Single Audit they tested 5 major programs totaling \$63.7 million in expenditures. These programs are the COVID-19 – Coronavirus State and Local Fiscal Recover Funds, COVID-19 – Emergency Rental Assistance Program, COVID-19 – Health Center Program Cluster, where the significant deficiency was found, Highway Planning and Construction and Federal Lands Access Program.

Mr. Mullerleile went through the required communications. The initial plan for the FY22-23 audit was to have it completed by March 31, 2024, however the Housing Authority experienced delays for several reasons. They had a finance manager vacancy where the incumbent was the driver of the audit in previous years. There were also issues with implementing a new accounting system. This caused the HACC audit to be issued on April 30, 2024, and the final County audit being issued May 16, 2024, with the State's 2<sup>nd</sup> extension approved. The Single Audit was also completed May 16, 2024.

There was one new accounting standard that takes a lot of time for local governments to implement. This is state number 96 on subscription based IT arrangements. Management has selected and applied significant accounting policies appropriately and consistently with those of the previous year.

Significant management estimates impacting the financial statements include useful lives of capital assets, allowances for doubtful accounts, and estimated liabilities for claims and judgments, OPEB and PERS. Estimates were deemed reasonable inputs and assumptions and were consistently applied.

No difficulties in performing the audit.

There were no material errors but there was one error that needs to be brought to attention. The County didn't report certain investments at fair value as of June 30, 2023. Had this been corrected, investments and unrealized earnings on investments would decrease the

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governmental activities by \$9.2 million. It wasn't considered material so the County wasn't required to make that adjustment.

No instances of fraud to report.

Ms. Comfort commented the findings had been brought to the BCC with solutions and next steps, and have been submitted to the State. With the investment this is an annual look and because the books were closed so late it was recommended to us by the auditors that an adjustment not be made to the prior year. That is a one time look at investments. We anticipate making this adjustment before end of next year.

Mr. Tellin spoke about the findings in the IT audit and are as of the end of 2023 and discussions have been had with IT management and those are still being discussed and implemented. Significant testing was completed between August 21, 2023 and Sept 15, 2023 with the exit meeting occurring April 2023 and the debrief to management with findings included on May 3<sup>rd</sup> 2024.

Finance is working with Technology Services and Human Resources and they are updating and making corrections and improving processes to all of the identified issue as swiftly as they can.

#### **Audit Planning for FY 2023-2024**

Ms. Osten moved on to audit planning for 2023-2024. The audit process looks at internal controls, analytical procedures and substantive procedures.

We do spend the majority of our time looking at revenue recognition. That's an inherent fraud risk for us as auditors. We want to make sure that the revenue that is recognized is in the correct period that it's recorded at the right dollar amount, and that the valuation of receivables is appropriate. If you need to record an allowance that it's recorded appropriately.

The County has quite a bit of cash and investments, so we're going to confirm those account balances. Make sure that they're valued appropriately and disclosed appropriately as well on this in the financial statements. Same thing with capital assets. You have quite a few capital assets. You have a big construction project going on with the courthouse. We'll look at the existence. Does the fixed asset exist? Did the county perform an inventory observation? But also is it valued correctly and is depreciation calculated appropriately? Are those assets that were purchased during me or recorded at cost.

Financial closure, reporting just how you have. The County is complex. You have several component units that roll up into your financial statements. We want to be sure that your financial closing reporting process is secure, that the reconciliations are performed timely, that the sign offs are there, that all of the amounts that are rolling up into the county's final act for are correct and appropriate.

Ms. Comfort pointed out that we do have a complex County and we do have several component units. Is it correct that Clackamas County has the most component units that Moss Adams handles in the State of Oregon? Ms. Osten stated she was unsure if it was at the firm or even the State but that the County has the most in her clients. Ms. Comfort stated that each of the component units has to be completed and finalized before Clackamas can finalize their audit.

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Mr. Mullerleile added that he works with several Counties that have small component units like SD5 and Library District which is pretty common. What is uncommon is the Housing Authority, Water Environment Services, Parks and Rec, and Development Agency. Those are the big engagements. Ms. Comfort agreed. Ms. Osten added that this is why financial closing reporting is a significant risk, and one that we focus on.

Ms. Osten continued to financial closing, reporting, pension and OPEB liabilities. Those are large liabilities on your county's financial statements, making sure that they're recorded appropriately in accordance with those actuarial evaluations, and then, of course, compliance with Federal laws and regulations and Oregon minimum standards that's really referring to the single audit procedures. Making sure that all those direct and material compliance requirements are followed, and then that you have all of the controls in place, and that you're compliant with all of the related Oregon minimum standards as well. We are required to consider that fraud may exist in your accounts and transaction.

Ms. Comfort thanked Chair Smith for joining the meeting and recognized that she had to leave but that they would continue with the presentation.

Ms. Osten continued the presentation. Moss Adams is required to consider the fraud may exist. In order to identify those fraud related risks during planning we brainstorm with the engagement team. We meet with the county's internal auditor to see what they have been up to and see what different audits they have done throughout the county and what the results are. We conduct personnel interviews with various individuals throughout the county. We also try to not only focus on those that are within the accounting department, but also those that are outside of the accounting department as well. Just to understand what their views of risk are on fraud, and if they're aware of any fraud, if they know about any unusual transactions, those types of things.

We document our understanding of internal control, and we also consider any unusual or unexpected relationships that are identified in planning. And then, when we perform the audit, we are required to perform journal entry testing. We look at large debits and revenue accounts, large credits and expense accounts, and just large journal entries overall. We use a software for that procedure which is called Mind Bridge. That helps us evaluate high risk journal entries. We do also just look at your accounting policies. Were there any changes? Were there any unusual transactions during the year? What about those management estimates that management could have some bias over? In general we're evaluating those significant accounting transactions, and if the rationale is appropriate.

Ms. Osten turned it over to Mr. Teller to discuss the IT portion of the audit for 2024. The scope and areas of focus are largely similar to years past, with one significant addition of focus being the aforementioned segregation of duties within PeopleSoft human capital management largely stemming from the finding that we had noted there last year and the area of emphasis that management wanted us to take. Recognizing the importance of it and the risk that it presents to the audit. The rest of the areas that we focus on are largely the same change management, logical security and access computer operations. We usually spend a small amount of time discussing the County's efforts around any cyber security related matters as well.

The systems that we consider for the audit. We've consulted with technology services already for the 2024 fiscal year, and those systems are the same still. Peoplesoft financials and PeopleSoft human capital management and Ascend which is the county's taxation and assessment system that they use in the Assessment & Taxation department. Those all impact the broader financial reporting for the county.

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As far as progress in our schedule, we completed our initial walkthroughs over the IT controls about a month ago. We are in the midst of our operating effectiveness testing and concluding on the controls that have been represented to us by management during those walkthroughs that we have performed already. While the exit meeting and debrief memo dates are to be determined. We are fairly confident that we're ahead of schedule, at least relative to prior years, just based on the progress that we've made to this point. We've had a greater emphasis of prioritization with our team and an easier time consolidating our resources to tackle the IT controls in a more efficient manner this year.

### **Audit Preparation Schedule**

Mr. Tellin spoke to the progress of the IT 2024 audit. As far as progress in our schedule, we completed our initial walkthroughs over the IT controls about a month ago. We are in the midst of our operating effectiveness testing and concluding on the controls that have been represented to us by management during those walkthroughs that we have performed already. While the exit meeting and debrief memo dates are to be determined. We are fairly confident that we're ahead of schedule, at least relative to prior years, just based on the progress that we've made to this point. We've had a greater emphasis of prioritization with our team and an easier time consolidating our resources to tackle the IT controls in a more efficient manner this year.

Mr. Mullerleile spoke to the audit field work timing for FY24. It started with Mr. Tellin and his team working on the IT audit procedures and then today's entrance meeting with the audit committee. Our year end testing will start with the smallest component units in mid September 2024 and run up all the way through just before Thanksgiving in November. This is when we're going to be focusing on the 8 component unit audits. We'll all have the holiday breaks and then the County is going to be providing the County's work papers and year-end balances for us at the 1st of January, and we'll get started January 12<sup>th</sup>. We think that'll run us through the end of that month. Then we'll turn our attention to the single audit. We hope to do some in January, but we have teams reserved to focus on that in February, because I think the big push is to focus on the financial statement audit. Then the single audit, which isn't due to the Fed until March 31<sup>st</sup>, can be the second priority. We will then figure out dates when to present the FY 24 audit results to the audit committee.

We'll be plan to start issuing audit reports around September 30<sup>th</sup> running all the way to December 19<sup>th</sup> right before holiday break is when we'll issue the 8 component units. Then the plan is to issue the County's ACFR audit by the end of February and the single audit by the end of March 2025. We've had several meetings with management on the key dates when things need to occur. So we feel good with these dates at this point in time.

Then just the last thing we wanted to touch on is some really some good news with accounting standards that will help everyone meet these timelines. There's not really a new accounting standard that is going to require significant time, like there's been the last 2 years with leases and SBITA's. This year, one new accounting standard on accounting changes and error corrections. It goes through the guidance and what disclosures need to occur if there's a change in accounting principle. County estimate change in the financial reporting entity. Also, if you have an error. The illustrations in the GASB statement do a really good job on showing what the disclosure needs to look like. In the past some governments would do a few sentences that definitely wasn't enough and some would put in some good tables. Everyone needs to use a table now to show what the change is to the financial statements since the prior year.

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Also, there are 2 new accounting, auditing standards that our team will be implementing. One on accounting estimates and disclosures, and another on understanding the entity and its environment and assessing the risk of material misstatements. This will be in the background for the County. This doesn't really create any new work for the county. It's just some additional documentation that we have. In fact, it's some documentation that we had already been doing. All auditors kind of need to get on the same page. I don't think it'll be anything that'll take additional time for the County to help us incorporate this year.

Mr. Mullerleile presented several resources and articles and alerts that are available throughout the year as well as Moss Adams contact information. He concluded Moss Adams presentation and prepared remarks and asked for any further questions regarding FY23 audit or FY24 audit plans.

Mr. Johnson remarked that the HACC audit seemed to be the biggest issue with timely completion of the FY23 audit and asked if there are any concerns about completing the FY24 audit on a more typical timeline. Ms. Comfort responded that she met with Rod Cook, our H3S Director, and Adam Brown. She noted that Rod Cook and Note that and then Christina McMahon, our Director for Juvenile Services, has joined us as well as Patrick Williams, our Finance Deputy Director, and then Chair Smith needed to step off early. Ms. Comfort continued to answer regarding timeliness in relation to HACC. She met with the H3S team and with the new Director for the Housing Authority, and they have a plan. They have a consultant also on board to help guide them, because it is a fairly new team, and they have the new software in place now, and they are very optimistic with their plan to implement and have all the needed requirements to meet the timeline for November 22<sup>nd</sup>, and I am working with them closely. I will be participating in a few of their weekly meetings because I've stressed that the milestones to be met dictate how well we'll be successful. They're very encouraging, and they are encouraged that this will be a good closing of fiscal year 24.

Mr. Johnson remarked that he is incredibly impressed with the reports and the quality. I know this is no small undertaking, but I just want to throw kudos out to management, and the auditors saying that they are wonderful reports and fun to read.

Ms. Comfort asked Mr. Cook if he had anything else to add to the answer as he attends as part of the committee but this is in regards to his department. Mr. Cook declined and said personnel changes have been made. That we're taking this very seriously. They have already set timelines with the new team and are working closely with Elizabeth, as she mentioned, and we have outside capacity to help as well. We think we've put everything to this that we can to lean in and get this done right this time. We're very optimistic. We're going to do it right this time.

Ms. Osten added that we're in pretty close contact with Elizabeth and her team. So we've been talking about the timeline pretty frequently, especially in advance of this presentation, to confirm that, not only will the little component units be ready, but also that the Housing Authority will be ready, and we plan to maintain pretty close contact between now and when field work is scheduled to start as well. Mr. Mullerleile states that he has a call tomorrow morning with HACC and that they are on track.

Ms. Comfort added that we have 4 component units that we are submitting the trial balances for this week and Sue and her team are managing that. So the County is in a good position on closing fiscal year 24 at this time.

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Mr. Kam thanked the Moss Adams team for all their hard work and congratulated Finance management for completing another audit year. He asked about new GFOA deadlines for applications for GFOA audit annual awards. Ms. Comfort asked Ms. Osten if she had any further information on this and that she had also heard that the GFOA was going to be firmer on their Dec. 31<sup>st</sup> deadline. Ms. Osten didn't have anything to add other than she hadn't heard that and that she couldn't imagine they would have such a hard line after just communicating it earlier this year. Mr. Mullerleile was at the GFOA conference and it was not mentioned and it is not listed on their policy website. Mr. Kam thanked them for the information.

Ms. Comfort asked if there were any other questions. Ms. Osten thanked management for a great partnership and she looks forward to kicking off FY24.

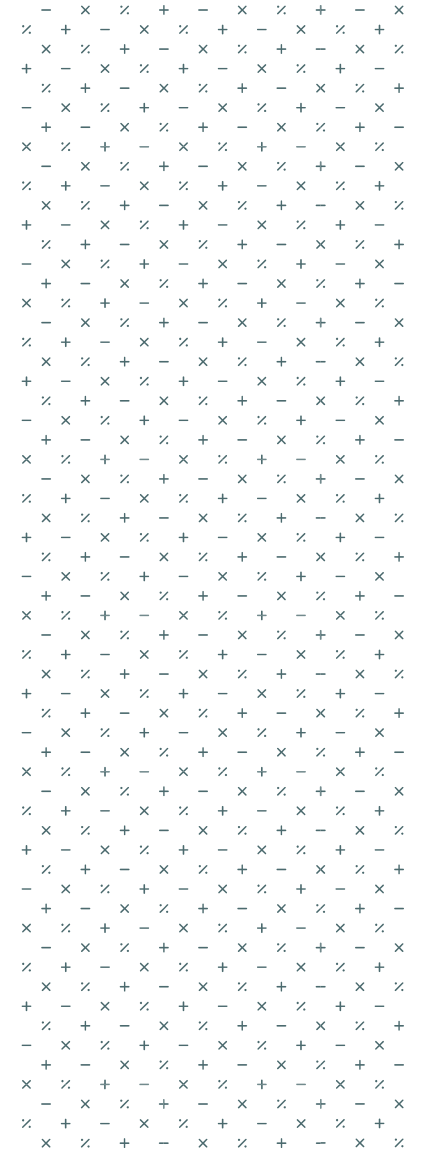
### **Other Items**

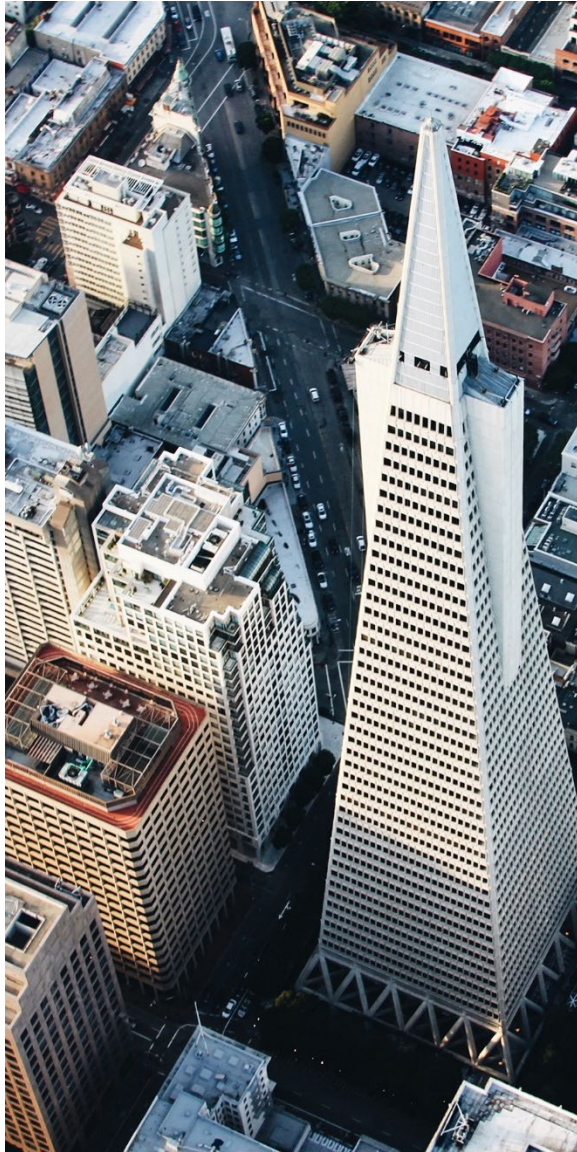
Ms. Comfort opened the meeting up for any other issues. There were none. She thanked the members and adjourned the meeting.

**Meeting Adjourned at 2:52pm**

# FY24 Audit Results

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# Agenda

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1. Auditor Opinions and Reports
2. Areas of Audit Emphasis
3. Required Communication with Those Charged with Governance
4. Other Information



# Your Dedicated Team



**Ashley Osten**  
*Engagement Reviewer  
and Partner*



**Amanda McCleary-  
Moore**  
*Concurring Reviewer  
and Partner*



**Kevin Mullerleile**  
*Senior Manager and  
Delegated Engagement  
Reviewer*

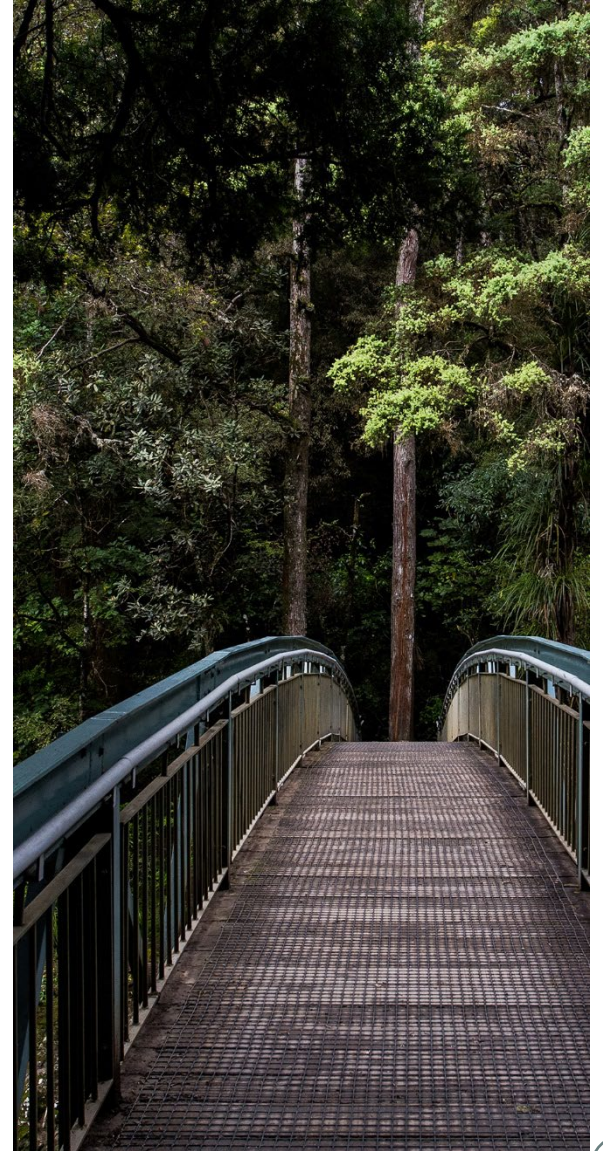


**Ben Tellin,**  
*Senior, IT Consulting  
Group*



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# Auditor Opinions & Reports



# Auditor Reports on the County's Financial Statements

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## Report of Independent Auditors

- Unmodified opinion
- Financial statements are presented fairly in accordance with US GAAP

## Report of Independent Auditors Required by Oregon State Regulations

- No control findings
- No compliance findings



# Other Auditor Reports – Single Audit

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GAGAS Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

- No control findings
- No compliance findings

Report on Compliance with Requirements that could have a Direct and Material Effect on Each of the Major Federal Programs and on Internal Control Over Compliance in accordance with the Uniform Guidance for Federal Awards (2 CFR Part 200)

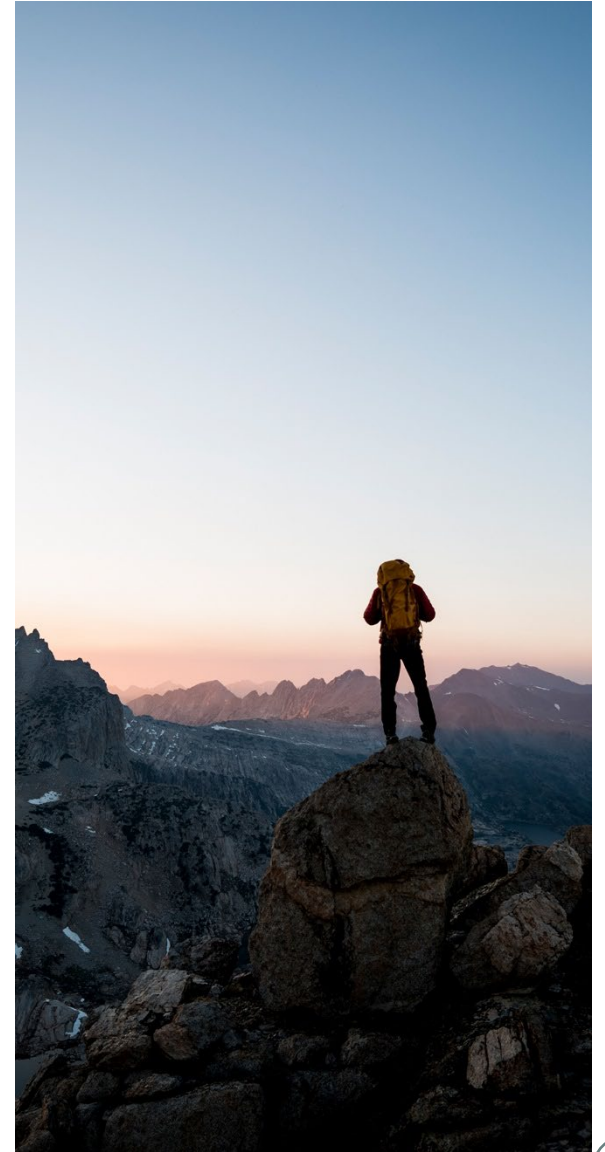
- Three significant deficiencies in internal control
- Three instances of non-compliance reported





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# Areas of Audit Emphasis



# Areas of Audit Emphasis

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- Internal control environment – revenue, capital assets, payroll, cash disbursements, financial close and reporting, pension and OPEB liabilities, investments, long-term debt, information technology general controls
- Net pension liability – recognition of the County’s share of the liability for County employees’ future pension obligations as part of Oregon PERS; employer liability and related deferred inflows/outflows including selections of new hires and contributions made by the County
- Net OPEB liability – recognition of the County’s liability for County employees’ future OPEB obligations as part of County’s single employer plan; employer liability and related deferred inflows/outflows including selections of new hires and contributions made by the County
- Bond activity – confirmed additions of debt, tested debt repayments and compliance with disclosure requirements
- Capital assets – tested additions, retirements, and depreciation
- Revenue recognition – revenues from charges for services and property taxes tested using substantive analytical procedures; sampled grant revenues and fees revenue and performed detailed testing; considered collectability of receivables
- Net position – consideration of classification for unrestricted, restricted, and net investment in capital assets



# Areas of Audit Emphasis

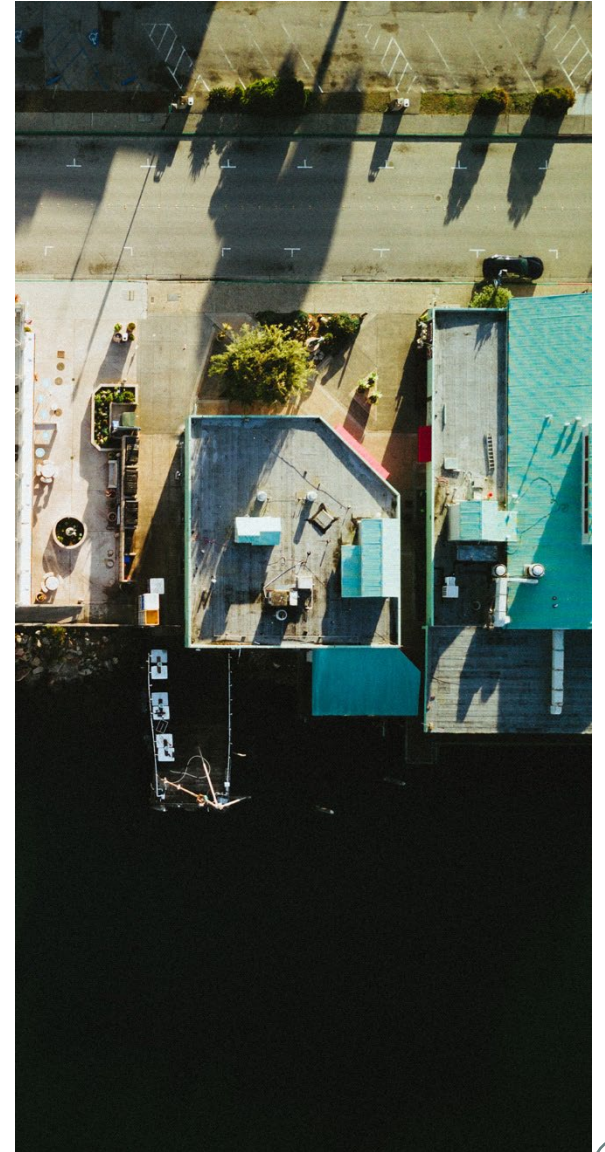
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- Information technology – review of change management, security and access, as well as operations
- Single Audit – tested three major federal programs totaling \$54.5 million in expenditures during the year ended June 30, 2024
  - 14.218 – COVID-19 – CDBG – Entitlement/Special Purpose Grants Cluster
  - 14.239 – Home Investment Partnerships Program
  - 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds



# Communication with Those Charged with Governance

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# Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

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**1** To express our opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

**2** To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards* issued by the Comptroller General of the United States, and design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

**3** To consider internal control over financial reporting and internal control over compliance as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

**4** To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process and administering federal awards. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



# Planned Scope & Timing of the Audit

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It is the auditor's responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence and to communicate with those charged with governance an overview of the planned scope and timing of the audit.

## Our Comments

The County's June 30, 2024 financial statements were required to be filed with the Secretary of State by December 31, 2024. The County applied for and received an extension until February 28, 2025. We issued our reports on February 27, 2025. The County's federal awards audit was completed on March 21, 2025.



# Significant Accounting Policies & Unusual Transactions

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The auditor should determine that the Committee is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the Committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

## Our Comments

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in the notes to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. The following new accounting standard was implemented:

- GASB Statement No. 100, *Accounting Changes and Error Corrections*

We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.



# Management Judgments & Accounting Estimates

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The Committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

## Our Comments

Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the financial statements.

Significant management estimates impacting the financial statements include the following: Useful lives of capital assets, allowances for doubtful accounts, and estimated liabilities for claims and judgments, OPEB, and PERS.

We deemed the estimates to be based on reasonable inputs and assumptions and consistently applied.





# Difficulties Encountered in Performing the Audit

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The Committee should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit.

## Our Comments

No significant difficulties were encountered during our audit.



# Significant Audit Adjustments & Unadjusted Differences Considered by Management to be Immaterial

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The Committee should be informed of all significant audit adjustments arising from the audit.

Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in County's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future financial statements to be materially misstated.

The Committee should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

## Our Comments

No corrected audit adjustments were identified as a result of our audit procedures.

One uncorrected audit adjustment deemed immaterial was identified – Adjustment was proposed to reduce accounts receivable and charges for services revenue in the amount of \$2,615,279 which includes known and projected errors in the balance.



# Potential Effect on the Financial Statements of Significant Risks & Exposures & Uncertainties

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The Committee should be adequately informed of the potential effect on the financial statements of significant risks and exposures and uncertainties that are disclosed in the financial statements.

## Our Comments

The County is subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the financial statements.



# Disagreements with Management

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Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to County's financial statements, or the auditor's report.

## Our Comments

We are pleased to report that there were no disagreements with management.



# Deficiencies in Internal Control

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Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to the Committee.

## Our Comments

- **Material weakness**
  - None noted
- **Significant deficiencies & non-compliance**
  - 2024-001 – Reporting (ALN 14.218)
  - 2024-002 – Procurement, Suspension and Debarment (ALN 21.027)
  - 2024-003 – Allowable Costs (ALN 21.027)



# Management's Consultation with Other Accountants

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In some cases, management may decide to consult about auditing and accounting matters. If management has consulted with other accountants about an auditing and accounting matter that involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

## Our Comments

We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.



# Other Material Written Communications

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Report to the Committee significant written communications between the auditor and client management.

## Our Comments

Other than the audit contract, management representation letters, and communications to those charged with governance, there have been no other significant communications.



# Fraud & Noncompliance with Laws and Regulations

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Fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements should be communicated. We are also required to communicate any noncompliance with laws and regulations involving senior management that come to our attention, unless clearly inconsequential.

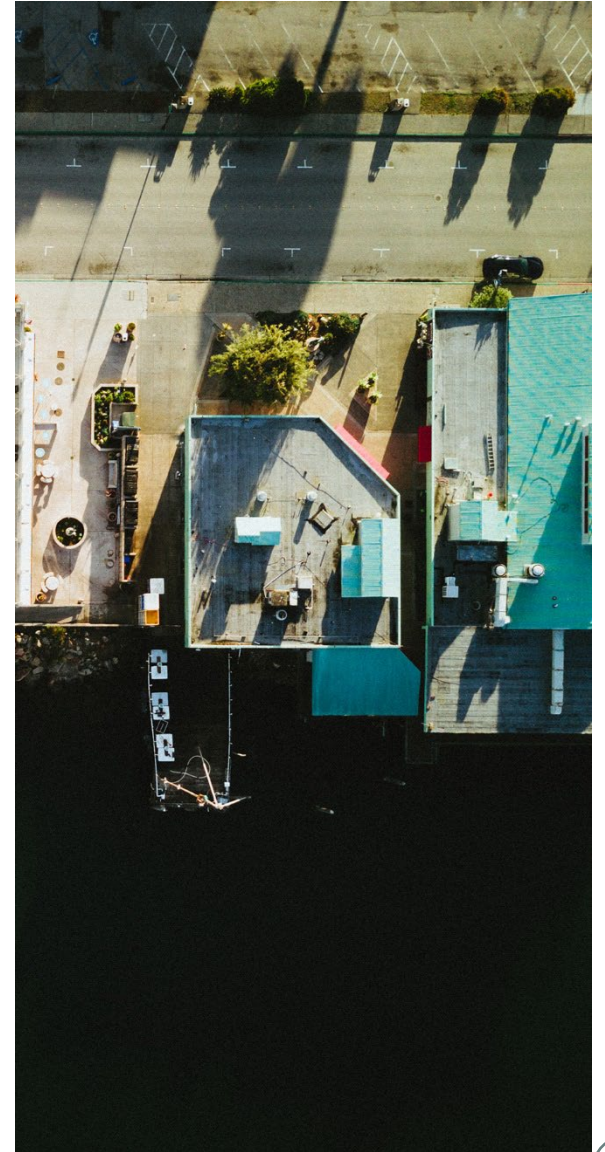
## Our Comments

We have not become aware of any instances of fraud or noncompliance with laws and regulations.





# Information Technology Overview



# Scope and Results for 2024

## Scope

- PeopleSoft Financials
- PeopleSoft Human Resource Management
- Ascend

## 2025 Plan

- Walkthroughs: April 21 – April 22
- OE Testing: April 21 – May 30
- Exit Meeting: June 20, 2025
- Debrief Memo: Finalized to include management responses July 10, 2025

## Internal Control Deficiencies

### CHANGE MANAGEMENT

- A proactive review has been implemented Q1 FY25 to monitor or validate change activities to mitigate the risks presented with developers maintaining access to migrate changes to production (*Deficiency from FY24 and Updated in January 2025*)
- Users with development responsibilities have access to migrate changes to Production and/or maintain admin access to Production for PeopleSoft Financials and PeopleSoft HCM (*Continued from FY23*)
- Approvals for changes deployed to the production systems for PeopleSoft Finance and HCM were not present/documented within all change requests (*Continued from FY23*)

### SECURITY AND ACCESS

- Access to PeopleSoft Finance, HCM, and Ascend is not reviewed for possible segregation of duties conflicts among key business areas, creating an elevated risk for financial misstatement as unauthorized or inappropriate changes could be made without managerial oversight (*Continued from FY23 and Updated in FY24*)
- Periodic end-user access to PeopleSoft HCM did not include conclusive evidence that all relevant user access was considered during the review (*Continued from FY23 and Updated in FY24*)
- A review of administrative permissions to the database supporting the Ascend application is not performed by management, and administrator access reviews over user accounts in PeopleSoft HCM is not inclusive of generic user IDs (*Continued from FY23 and Updated in FY24*)

## Process Improvement Opportunities

### OTHER AREAS

- Computer workstations contain local administrator access that some users may access and utilize to perform elevated actions on the local machine (*Continued from FY23*)



# Recent Accounting and Auditing Standards Developments

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## Standards to be Adopted in 2025

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GASB 101, *Compensated Absences* – effective for the County’s fiscal year 2025.

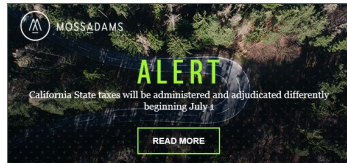
GASB 102, *Certain Risk Disclosures* – effective for the County’s fiscal year 2025.



INDUSTRY FOCUS

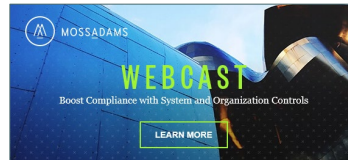
# An Array of Resources

In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and in the format that fits your life.



## Articles & Alerts

Industry-specific insight and important tax and assurance updates



## Webcasts

On demand and live sessions with our professionals on technical and timely topics



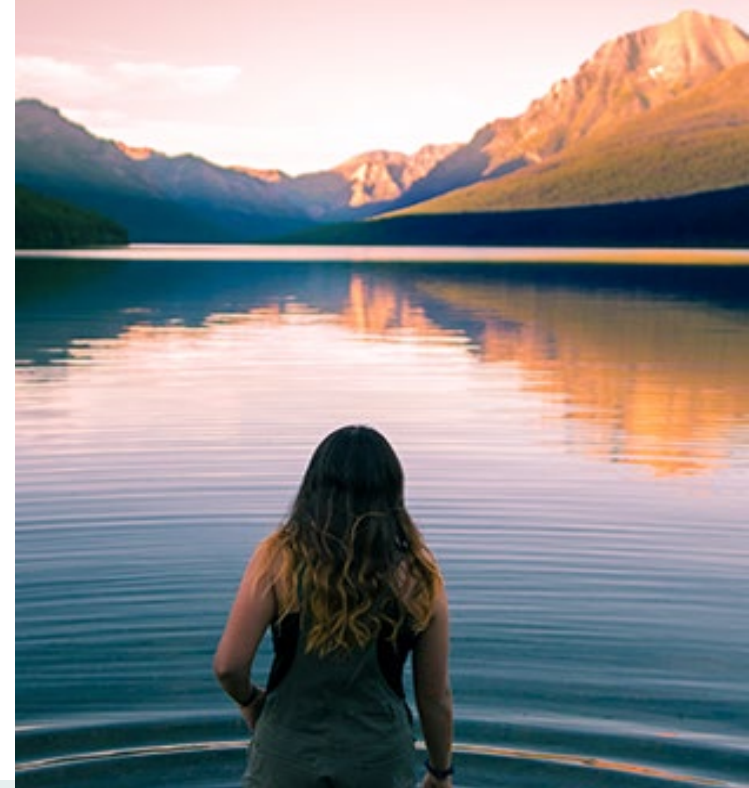
## Reports & Guides

A more in-depth look at significant changes and subjects across the accounting landscape



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THANK  
YOU