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**Clackamas County**  
[www.clackamas.us](http://www.clackamas.us)

Clackamas County  
Internal Audit Oversight Committee  
Meeting Materials  
Wednesday, April 9, 2025

Item #1  
Draft October 09, 2024, Meeting Minutes



## MEETING MINUTES

### Internal Audit Oversight Committee

Wednesday, October 9, 2024  
2:00 p.m. to 3:00 p.m.

Virtual meeting

- |  |   |  |  |   |  |  |
|--|---|--|--|---|--|--|
| <input checked="" type="checkbox"/> Minh Dan Vuong, IAOC Chair, Community Member | <input type="checkbox"/> Jeff Gibbs, Community Member                     | <input checked="" type="checkbox"/> Wilda Parks, Community Member        | <input type="checkbox"/> Tootie Smith, Chair of Board of County Commissioners                  | <input checked="" type="checkbox"/> Ben West, Vice-chair of Board of County Commissioners | <input checked="" type="checkbox"/> Gary Schmidt, County Administrator | <input checked="" type="checkbox"/> Jane Vetto, County Counsel |
| <input checked="" type="checkbox"/> Brian Nava, County Treasurer (Non-voting)    | <input checked="" type="checkbox"/> Jodi Cochran, County Internal Auditor | <input checked="" type="checkbox"/> Kathy Yeung, Senior Internal Auditor | <input checked="" type="checkbox"/> Dylan Blaylock, Senior Community Relations Specialist, PGA | <input checked="" type="checkbox"/> Catherine McMullen, County Clerk                      |  |  |

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/Assignments
Welcome and Introductions	Chair Minh Dan Vuong	Chair Minh Dan Vuong opened the meeting and welcomed the Internal Audit Oversight Committee members.  Jodi Cochran performed a roll call. It was noted a committee quorum was present. Commissioner West, absent during roll call, joined later in the meeting after the Committee actions.	<b>None</b>

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/Assignments
		It was announced that the meeting is a public meeting and is accessible via ZOOM to any member of the community who would like to observe. Public comment will not be taken during the meetings but can be emailed to <a href="mailto:OCIA@Clackamas.us">OCIA@Clackamas.us</a> .	
Status Update: Elections Ballot Security – Updated Processes for Ballot Security	Kathy Yeung, Senior Internal Auditor  Clackamas County Clerk McMullen	Kathy Yeung presented the Status Update: Election Ballot Security – Updated Processes for Ballot Security engagement results. Clackamas County Clerk Catherine McMullen was present to provide additional insight. The presentation addressed why the status update engagement was important, what was observed, and the status of the recommendations.	Informational — solicit feedback
Meeting minutes: June 12, 2024 August 21, 2024	Chair Minh Dan Vuong	The draft June 12, 2024, and the draft August 21, 2024, Internal Audit Oversight Committee meeting minutes were presented.  Wilda Parks moved to adopt the June 12, 2024, draft minutes as written. Gary Schmidt seconded the motion. The motion was approved unanimously with votes from Minh Dan Vuong, Wilda Parks, Gary Schmidt, and Jane Vetto.  Wilda Parks moved to adopt the August 21, 2024, draft minutes as written. Gary Schmidt seconded the motion. Minh Dan Vuong, Wilda Parks, Gary Schmidt, and Jane Vetto voted yes. The minutes were approved unanimously and adopted as written.	June 12, 2024, minutes approved as written.  August 21, 2024, minutes approved as written.
Quarterly status updates: FY25 Audit Plan  Quality Assurance &	Jodi Cochran, County Internal Auditor	Jodi Cochran presented the FY25 Audit Plan status update, providing a status update of audits and good government hotline calls as of October 9, 2024.  The Quality Assurance and Improvement Program status report was provided. Review of the report at the committee meeting is based on availability of time, and the report is typically provided at a high level.	Informational — solicit feedback

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/Assignments
Improvement Program		<p>To provide context for the Quality Assurance and Improvement Program Quarterly Status update, a brief overview of auditing professional standards was presented.</p> <p>The Office of County Internal Audit complies with the Institute of Internal Auditors' Global Internal Audit Standards and is also informed by the United States Governmental Accountability Office's Government Auditing Standards. These are commonly referred to as the Red Book and Yellow Book, respectively.</p> <p>The quarterly Quality Assurance and Improvement Program status report assists in monitoring the activities of the office, progress toward its strategic goals and its compliance with professional standards.</p>	
Public Meeting Law	Jodi Cochran, County Internal Auditor	Jodi presented a high-level summary of the public meeting law, including discussion about public notices, quorums, and awareness of compliance with recent legislation changes.	Informational — Provide overview of recently updated Public Meeting Law
Round Table	All	No additional comments made.	
Meeting adjournment	Chair Minh Dan Vuong	With no additional comments from the Committee, the meeting adjourned at 2:30 p.m.	
		<p>Next scheduled meetings:</p> <p>Wednesday, January 15, 2025 2:00 p.m. to 3:00 p.m. Location: TBD</p>	Submitted by: Kathy Yeung

Clackamas County  
Internal Audit Oversight Committee  
Meeting Materials  
Wednesday, April 9, 2025

Item #2  
External Quality Assessment Presentation



International  
Professional Practices  
Framework<sup>®</sup>  
(IPPF)

# External Quality Assessment:

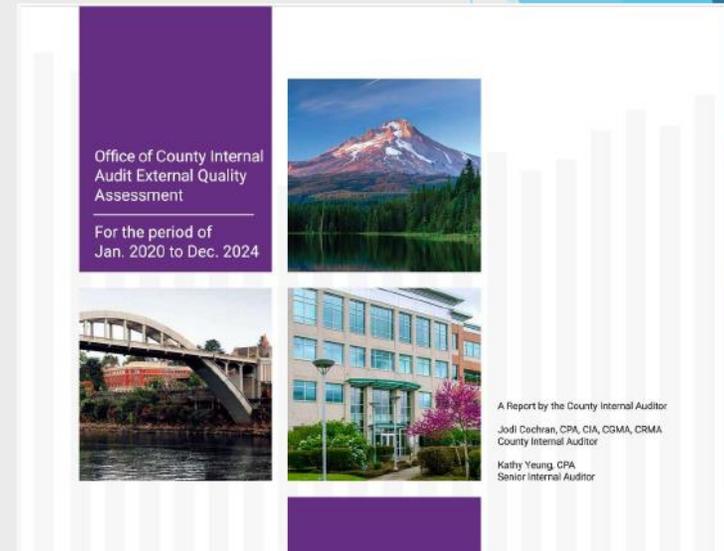
*The Office of County Internal Audit applies  
global professional standards and brings value  
to the county*

Report by the Office of County Internal Audit

# Why the engagement is important

## Auditors get audited!

- ▶ The Office of County Internal Audit is committed to quality and effective internal auditing - and modeling a culture of continuous improvement
- ▶ The Institute of Internal Auditors requires an external quality assessment every five years
- ▶ The Office of County Internal Audit has been out of compliance with this requirement
- ▶ Beginning January 2025, newly revised Global Internal Audit Standards became effective



International  
Professional Practices  
Framework®  
(IPPF)

# What was done

## Independent validation of our self-assessment by an external team

- ▶ The Office was assessed based on 52 attribute and performance standards
- ▶ The review covered the five-year period after the 2019 self-assessment (January 2020 to December 2024)
- ▶ A three-tiered scale was applied - Generally conforms is the highest rating
- ▶ The external assessment team consisted of three independent auditors, from three different state agencies, collectively representing the State of Oregon Chief Audit Executive Council.

Performance Standards (2000 through 2600)	Generally conforms	Partially conforms	Does not conform
2000 Managing the Internal Audit Activity	●	○	○
2010 Planning	●	○	○
2020 Communication and Approval	●	○	○
2030 Resource Management	●	○	○
2040 Policies and Procedures	●	○	○
2050 Coordination and Reliance	●	○	○
2060 Reporting to Senior Management and the Board	●	○	○
2070 External Service Provider and Organizational Responsibility for Internal Auditing	●	○	○
2100 Nature of Work	●	○	○
2110 Governance	●	○	○
2120 Risk Management	●	○	○
2130 Control	●	○	○
2200 Engagement Planning	●	○	○
2201 Planning Considerations	●	○	○
2210 Engagement Objectives	●	○	○
2220 Engagement Scope	●	○	○
2230 Engagement Resource Allocation	●	○	○
2240 Engagement Work Program	●	○	○
2300 Performing the Engagement	●	○	○
2310 Identifying Information	●	○	○
2320 Analysis and Evaluation	●	○	○
2330 Documenting Information	●	○	○



International Professional Practices Framework® (IPPF)

# What was found

We passed! 43-8-1!



International  
Professional Practices  
Framework®  
(IPPF)



- ▶ What is working
  - ▶ The risk assessment process includes a comprehensive audit universe, input from a variety of partners and a detailed, transparent methodology
  - ▶ The Governance, Risk Management and Control Assessment is detailed, thorough and adds value
  
- ▶ What is creating barriers/challenges
  - ▶ An external quality assessment has not been performed in over five years
  - ▶ The organizational structure can be perceived as lacking organizational independence

# What was recommended

Five recommendations - Two address conformance gaps and opportunities to enhance independence and demonstrated value



1

Obtain an external quality assessment every five years

2

Elevate the governance structure to reinforce organizational independence and professionalism



International Professional Practices Framework® (IPPF)

# What was recommended

Five recommendations - Three elevate the Office of County Internal Audit's performance through continuous improvement



- 3** Enhance the Office of County Internal Audit long-term strategic plan
- 4** Develop tools to support communication with internal and external partners and interested parties
- 5** Expand and revise the Office of County Internal Audit policies and procedures manual



International Professional Practices Framework®  
(IPPF)

## What is Being Done

We agree with all recommendations. Strategies to address conformance gaps will be discussed with the Oversight Committee no later than October 2025.



1

- ▶ The results of the next external quality assessment will be reported by December 2030.
- ▶ The Oversight Committee will receive the results of an internal self-assessment no later than January 2029.

2

- ▶ Functional and administrative oversight roles and responsibilities will be clearly defined and documented.
- ▶ Formal review by the Oversight Committee of organizational independence, and any perceived impairments, will be documented annually.
- ▶ The Internal Audit Oversight Committee will discuss the benefits and obstacles of restructuring the committee to a five-member committee.

7

## What is Being Done

All recommendations and associated actionable items will be strategically addressed through target goals and milestones over the next five years.



3

- ▶ The FY26 - FY30 Strategic Plan will be presented to the Oversight Committee by March 2026 and reviewed annually. The Quality Assurance and Improvement Plan status updates will continue to be provided to the Committee quarterly

4

- ▶ Communication checklists will be developed, dashboards will be created, and all published data will be reviewed for consistency in terms, messaging and compliance with standards. Work will begin January 2026.

5

- ▶ Resources will be allocated to update Office policies to incorporate standard practices and templates already in place, as well as reflect the new Global Internal Audit Standards. Work will begin by January 2026.

# What is Being Done

Continually improve and keep doing great work!



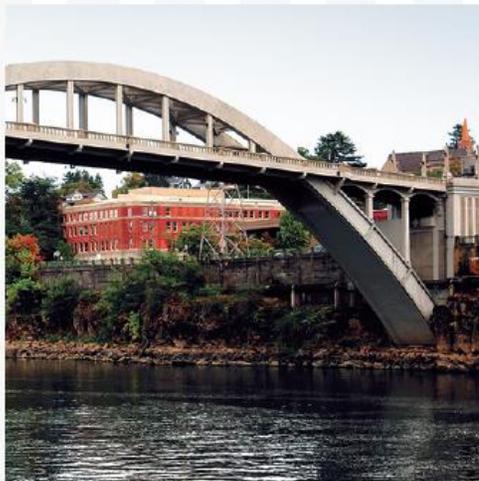
Thank you

Clackamas County  
Internal Audit Oversight Committee  
Meeting Materials  
Wednesday, April 9, 2025

Item #3  
Office of County Internal Audit  
External Quality Assessment Report

Office of County Internal  
Audit External Quality  
Assessment

For the period of  
Jan. 2020 to Dec. 2024



A Report by the Office of County Internal Audit

Jodi Cochran, CPA, CIA, CGMA, CRMA  
County Internal Auditor

Kathy Yeung, CPA, CIA  
Senior Internal Auditor

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# Table of Contents

I. Executive Summary .....	4
II. Background .....	6
III. Summary of Observations .....	9
IV. Objectives, Scope, and Methodology .....	15
V. About the Office of County Internal Audit .....	18
VI. Exhibits .....	21
Exhibit A Independent Validation Statement .....	22
Exhibit B: Evaluation Summary .....	24
Exhibit C: Rating Definitions .....	28
Exhibit D: Summary of Recommendations .....	30

# I. Executive Summary



The Clackamas County Office of Internal Audit generally conforms<sup>1</sup> to the Institute of Internal Auditor’s (IIA) International Standards for the Professional Practice of Internal Auditing (Standards) and Code of Ethics<sup>2</sup>. With a lens of continuous improvement, opportunities to continue elevating the function beyond compliance and to improve performance, effectiveness, and value to the county are identified.

The Clackamas County Office of County Internal Audit (Office) participated in an external quality assessment to evaluate the Office’s conformance with the IIA’s Standards and Code of Ethics; to assess the Office’s effectiveness in carrying out its mission; and to identify opportunities to enhance management and work processes, as well as to add value to the county.

To maintain compliance with professional standards and to model the leading best practices, it is recommended the Office of County Internal Audit strategically allocate resources to:

- Obtain external quality assessments every five years
- Elevate the governance structure to reinforce organizational independence and professionalism
- Enhance the Office of County Internal Audit long-term strategic plan
- Develop tools to support communication with internal and external partners and interested parties
- Expand and revise the Office of County Internal Audit policies and procedures manual

## Management response

The Office of County Internal Audit is committed to continuous improvement and will strategically allocate resources to address the identified opportunities for future growth and program development. A copy of this report has been provided to the Internal Audit Oversight Committee and is available online.

---

1 “Generally conforms” is the best possible rating in assessment scale established by IIA’s Quality Assessment Manual for the Internal Audit Activity. See Exhibit C

2 IIA, International Professional Practices Framework. 2017. [Standards](#). [Code of Ethics](#)

## II. Background



## Assessment Scale



### Generally Conforms

Standards are met in all material respects with opportunities for improvement



### Partially Conforms

Good faith efforts to meet standards with significant opportunities for improvement



### Does Not Conform

Lack of awareness or good faith effort to meet standards with significant deficiencies

## Quality Assessment Review

The International Standards for the Professional Practice of Internal Auditing require an external quality assessment of an internal audit activity be conducted at least once every five years by a qualified, independent assessor from outside the organization. The quality assessment can be accomplished through a full external assessment or a self-assessment with independent validation.

In December 2024, the Clackamas County Office of County Internal Audit conducted a self-assessment of its internal audit activity. The State of Oregon Chief Audit Executive Council was selected as the qualified, independent external assessment team to validate the self-assessment.

## IIA Professional Standards

For the period of the assessment, the Office of County Internal Audit was guided by, and strove to adhere to, the 2017 revision of the IIA Standards. These Standards are a set of internationally recognized, principle-based, mandatory requirements. These requirements consist of statements of core elements for the professional practice of internal auditing and for evaluating the effectiveness of performance at organizational and individual levels. Nineteen attribute standards focus on the quality of the internal audit function. Thirty-three performance standards focus on the quality of the internal audit service provided. Conformance to these Standards was evaluated and assessed using a three-level scale: generally conforms, partially conforms, and does not conform<sup>3</sup>. The evaluation summary for all Standards is included in Exhibit B.

In January 2025, newly revised IIA Standards became effective. The IIA's Global Internal Audit Standards<sup>4</sup> are now designed around 15 guiding principles. The essence of the Standards remains to enable quality and effective internal auditing. Future quality assessments will be measured against the new Global Internal Audit Standards.

<sup>3</sup> Assessment scale established by IIA's Quality Assessment Manual for the Internal Audit Activity. See Exhibit C, Rating Definitions, for established IIA language and criteria

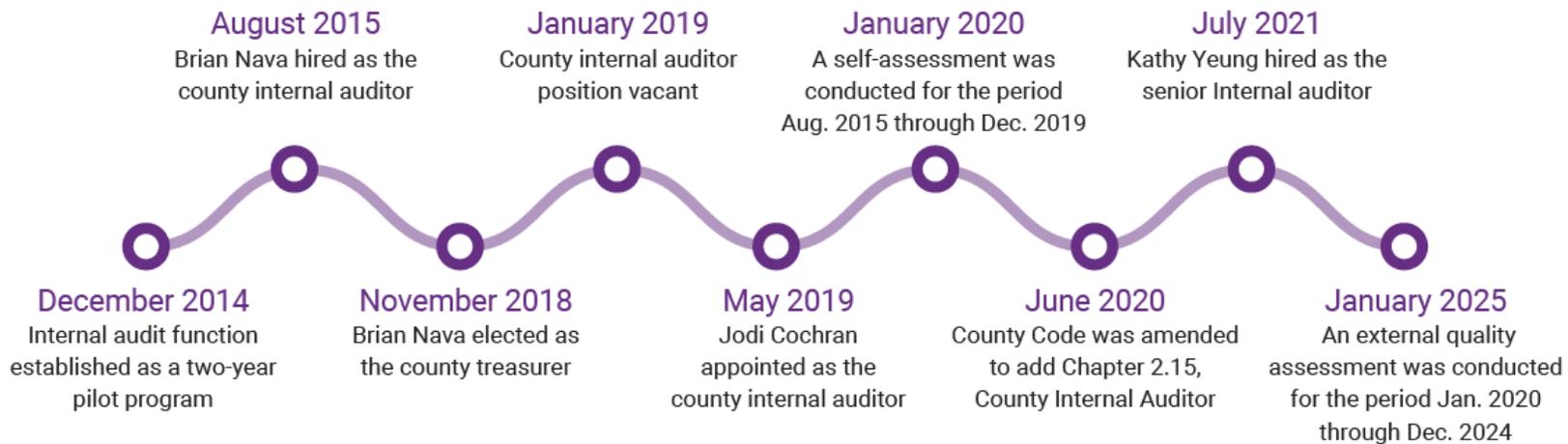
<sup>4</sup> IIA [Global Internal Audit Standards](#)

## History of the Office of County Internal Audit

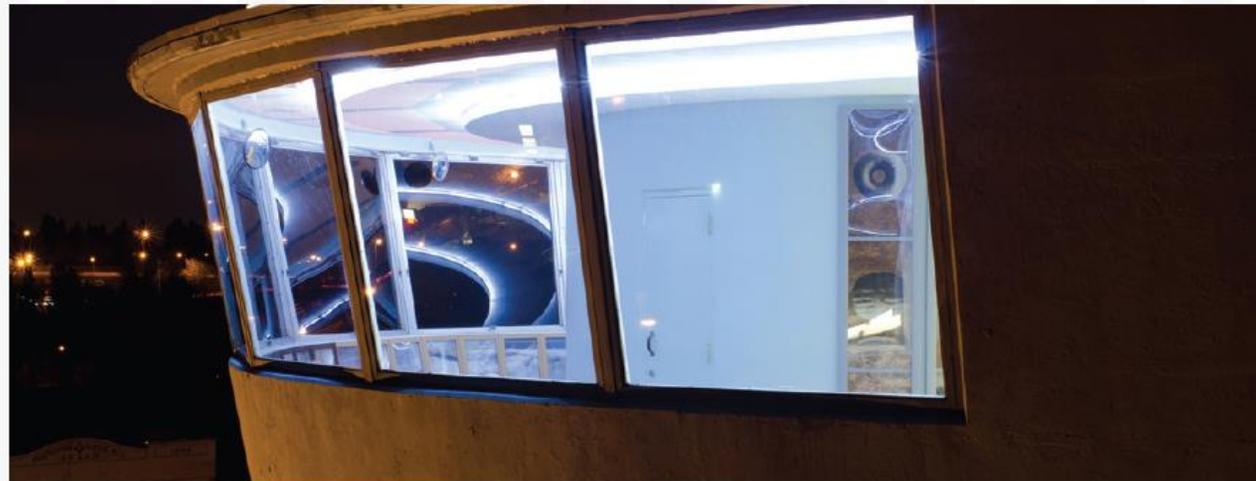
Established in December 2014, the Clackamas County internal audit function was designed as a two-year pilot program with an independent internal auditor position. Brian Nava was the first county internal auditor hired in August 2015. A dual-reporting structure was utilized in which the county internal auditor reported administratively to the county treasurer and functionally to the Internal Audit Oversight Committee consisting of a county commissioner, the county administrator, county counsel, and the county treasurer.

In May 2019, Jodi Cochran was appointed as the county internal auditor. Jodi conducted the Office’s first self-assessment for the period August 2015 through December 2019. Recommendations were provided to the Internal Audit Oversight Committee and were used in establishing the first internal audit strategic plan. In June 2020, the County Code was amended to add Chapter 2.15, County Internal Auditor<sup>5</sup>. The composition of the Internal Audit Oversight Committee was revised in County Code 2.15.080 to be comprised of seven members: three members of the community, board of county commissioners chair, board of county commissioners vice chair, county administrator, county counsel, and the county treasurer as a non-voting member. The independence of the Office of County Internal Audit continues to be supported by a dual-reporting structure. The Office strives to provide value-added, professional advisory and assurance services to the county, its residents, partners, and interested parties. With assurance, insight, and objectivity, these services support the county’s transparent, accountable, and informed decision-making opportunities. A systematic evaluation of the Office of County Internal Audit’s performance against professional standards identifies opportunities for continuous improvement in this service delivery.

<sup>5</sup> Clackamas County Code [Chapter 2.15](#): County Internal Auditor



### III. Summary of Observations



**Standard 1000**  
Purpose, Authority,  
and Responsibility

**Standard 1200**  
Proficiency and  
Due Professional Care

**Standard 2000**  
Managing the Internal Audit Activity

**Standard 2010**  
Planning

**Standard 2240**  
Engagement Work Program

## Quality Assessment Review

The Clackamas County Office of Internal Audit generally conforms to the Institute of Internal Auditor’s International Standards for the Professional Practice of Internal Auditing and Code of Ethics. The Office was assessed based on 52 attribute and performance standards. Successful internal audit practices have been established and implemented. These demonstrated practices support both the function and the county. Overall implementation success does not limit the opportunities for enhanced and elevated practices. Continuing and refining these demonstrated practices will further model the expectations of the professional standards.

## Successful Internal Audit practices

Key internal audit practices successfully implement Standards 1000, 1200, 2000, 2010, and 2240, among others.

### Standard 1000

Standard 1000, Purpose, Authority, and Responsibility is about how the Office’s purpose, authority, and responsibility is defined. The Office has established the Office of County Internal Audit Charter<sup>6</sup> and the Internal Audit Oversight Committee Charter<sup>7</sup>. Both charters are reviewed and approved by the committee every two years.

### Standard 1200

Standard 1200, Proficiency and Due Professional Care requires engagements to be performed with proficiency and due professional care. County Internal Auditor Jodi Cochran is an accomplished professional, achieving and maintaining the Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Chartered Global Management Accountant (CGMA), and Certification in Risk Management Assurance (CRMA) certifications. Senior Internal Auditor Kathy Yeung has achieved and maintains the Certified Public Accountant (CPA) and Certified Internal Auditor (CIA) certifications. Both internal auditors show intentional effort given to continued personal and professional growth.

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6 Office of County Internal Audit [Charter](#)

7 Internal Audit Oversight Committee [Charter](#)



#### **Standard 2000**

Standard 2000, Managing the Internal Audit Activity, requires the Office to consider county strategies, objectives and risks, and objectively provide assurance. The Governance, Risk Management, and Control Assessment, a report authored by the county internal auditor, is detailed, thorough, and adds value in improving county governance, risk management, and control.

#### **Standard 2010**

Standard 2010, Planning, is about establishing a risk-based plan that determines internal audit priorities consistent with the organization's goals. In developing the annual audit plan, the risk assessment process includes a comprehensive audit universe, input from a variety of stakeholders, and a detailed and transparent methodology.

#### **Standard 2240**

Standard 2240, Engagement Work Program requires internal auditors to develop and document work programs that achieve the engagement objectives. The Office uses work program templates for assurance and advisory engagements. These templates help establish quality, consistency, and compliance with the Standards.

### **Compliance and continuous improvement opportunities**

Opportunities to elevate the function beyond compliance and to enhance performance, effectiveness, and value to the county have been identified.

#### **Compliance**

Out of the 52 standards evaluated, one standard received a "does not conform" opinion and eight standards received "partially conforms" opinions. Six of the assessments were directly impacted by the timing of this external quality assessment. While actions can be taken by the Office of County Internal Audit to improve these assessments, the nine individual observations were not significant enough to lower the Office's overall assessment from the highest rating of "generally conforms."



The Office of County Internal Audit should prioritize efforts to improve compliance with the old Standards 1010, 1110, 1300s, and 2431, if applicable relative to the new IIA Global Internal Audit Standards effective on January 9, 2025.

**Standard 1010**

Standard 1010, Recognizing Mandatory Guidance in the Internal Audit Charter, is about how the mandatory elements of the Internal Professional Practices Framework are recognized in the internal audit charter. The Office of County Internal Audit charter, and other governing documents, address the Standards and the Code of Ethics by reference only and do not include specific language addressing individual elements. The Office should ensure its governing documents, charters and county code include all mandatory language established in the new IIA Global Internal Audit Standards.

**Standard 1110**

Standard 1110, Organizational Independence, is about how threats to independence are managed by the county internal auditor and how such interference, real or perceived, is disclosed and addressed. The county internal auditor reports administratively to the county treasurer, which is a county function subject to audit. This administrative reporting relationship could compromise independence. The Office should ensure the organizational independence is intentionally reviewed and discussed with the Internal Audit Oversight Committee. In a dual-reporting structure, the effectiveness of mitigating elements should be assessed annually.

**Standard 1311**

Standard 1311, Internal Assessment, requires ongoing monitoring of the performance of the internal audit activity and periodic assessments. Since the appointment of the county internal auditor in 2019, only one internal assessment was conducted for the period August 2015 through August 2019. Additionally, the conformance with the Code of Ethics was not included in the periodic assessment.

**Standard 1312**

Standard 1312, External Assessment, requires an external assessment to be conducted at least once every five years. The county internal audit function was piloted nearly 10 years ago and formally established in County Code in 2020. This is the first external quality assessment



to be performed. An external assessment supports the ability for an efficient and effective internal audit function, and impacts the conformance of:

- Standard 1300, Quality Assurance and Improvement Program
- Standard 1310, Requirements of the Quality Assurance and Improvement Program
- Standard 1320, Reporting on the Quality Assurance and Improvement Program
- Standard 1322, Disclosure of Nonconformance

#### **Standard 2431**

Standard 2431, Engagement Disclosure of Nonconformance requires disclosure of the standard or conduct in which there wasn't full conformance, the reason for the nonconformance, and impact of nonconformance on the engagement and the communicated engagement results. As this is the first external quality assessment, the Office of County Internal Audit has qualified the use of the Standards report language to state the Office "does not fully conform to the Standards to the extent the Office has not yet received an external review." The statement did not address the reason or impact of this nonconformance. This 2024 quality assessment will satisfy the activity requirement and will facilitate removal of the qualifying language in all audit reports.

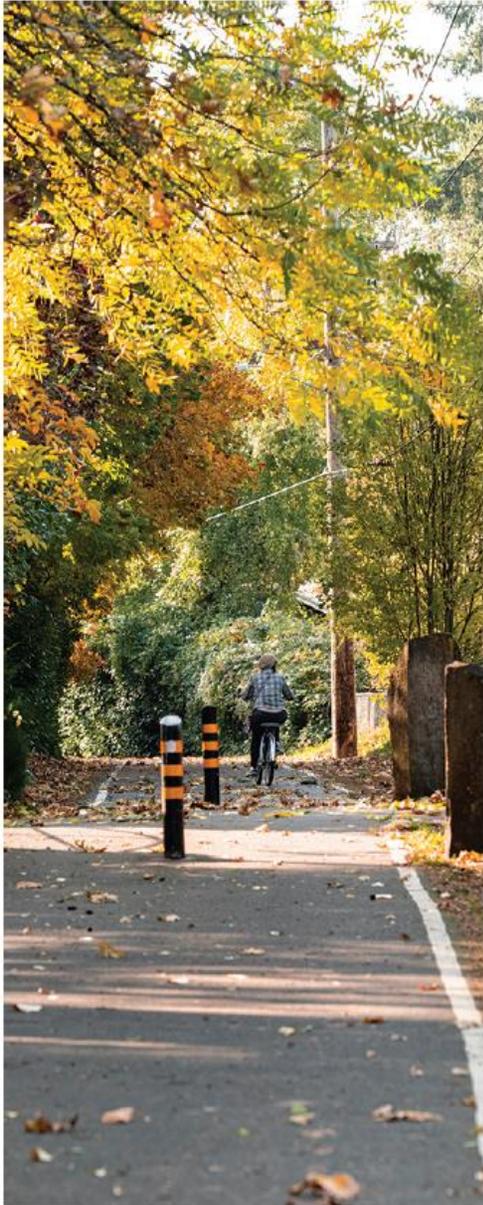
The Office of County Internal Audit should ensure it obtains its next external quality assessment by 2030.

#### **Continuous improvement**

IIA Standards ensure that the internal audit function is continuously improving and conforming to the highest professional standards. Areas exist for the Office of County Internal Audit to demonstrate this intent.

#### **Updating governance documents and processes**

The Office of County Internal Audit Charter, Internal Audit Oversight Committee Charter, and County Code Chapter 2.15 are key governing documents for the Office and highlight the dual-reporting structure that promotes the independence and objectivity of Office. Opportunities



exist to clarify and enhance the language in these documents such as roles and responsibilities, reporting structure, and references to specific elements of the International Professional Practices Framework.

#### **Formalizing a long-term strategic plan**

Formalizing and utilizing a five-year strategic plan with revised performance metrics will support ongoing monitoring activities. While an annual audit plan is published to support short-term goals and upcoming audits, publishing a long-term strategic plan will support the Office's mission and vision, uphold professional audit standards, and define critical success factors. Other areas to be included in the strategic plan are acquiring additional skillsets and proficiencies, developing certification requirements, and enhancing Office communications and outreach.

#### **Developing tools to support communication with internal and external partners and interested parties**

Opportunities exist to enhance the level of detail included in items such as Internal Audit Oversight Committee meeting minutes to demonstrate conformance with auditing standards. Consistency of documentation supports the ability to look at any Office document and expect the same messaging and statement. One example is to ensure the mission and vision statements are consistent in the Office of County Internal Audit Charter, audit reports, strategic plans, and more. The compilation of documentation supports the Office's ability to create a communication checklist with standard required elements to report to partners and interested parties such as the Internal Audit Oversight Committee, Board of County Commissioners, leadership teams, and more.

#### **Expanding and revising the internal audit policies and procedures manual**

The Office should update its policies and procedures manual to reflect enhanced practices, performance expectations, and updates to align with new Global Internal Audit Standards. The manual should include references to existing templates that promote quality, consistency, and compliance with the Standards. As the Office provides investigative services and manages the county's Good Government Hotline, the policies and procedures manual should be updated to support these activities.

## IV. Objectives, Scope and Methodology





## Objectives

The objectives of this quality assessment were to:

1. Determine if the Clackamas County Office of County Internal Audit conforms to the IIA Standards and Code of Ethics
2. Evaluate the internal audit function's effectiveness in carrying out its mission
3. Identify successful internal audit practices
4. Identify continuous improvement opportunities to enhance its management, work processes, and infrastructure effectiveness and efficiency
5. Add value to the county.

An external independent assessment team validated the results of the Office of County Internal Audit's self-assessment, focusing on the conclusion of internal audit related to conformance with the Standards and the Code of Ethics. They reviewed observations related to successful internal audit practices, opportunities for continuous improvement, and offered additional observations as they deemed appropriate. The evidence obtained and communicated in this report is believed to provide a reasonable basis to achieve these assessment objectives.

## Scope

The scope of this quality assessment of the Office of County Internal Audit, as set forth in the Office of County Internal Audit Charter<sup>8</sup> and as stated in County Code Chapter 2.15,<sup>9</sup> is all internal audit activity during the period of January 2020 through December 2024. As the Global Internal Audit Standards are effective January 9, 2025, the Quality Assessment Review was performed under the Institute of Internal Auditor's 2017 Internal Professional Practices Framework.

The quality assessment was concluded on March 25, 2025, and provides the Office of County Internal Audit and the Internal Audit Oversight Committee information about the internal audit function as of December 31, 2024.

<sup>8</sup> Clackamas County [Office of County Internal Audit Charter](#)

<sup>9</sup> Clackamas County [Code Chapter 2.15](#): County Internal Auditor



## Methodology

The Quality Assessment Manual for the Internal Audit Activity, published by the IIA Research Foundation, defined the assessment methodology. The information collected and completed included detailed planning guides, identification of issues and opportunities, an evaluation summary documenting all conclusions and observations, and preparation and communication of the final report.

To accomplish the objectives, the Office's conformance with the Standards was assessed and organized in four focus areas: governance, staff, management, and audit process. The Office's risk assessment and audit planning processes, audit tools and methodologies, engagement and staff management processes, and a representative sample of Office work papers and reports were reviewed. Key partners and interested parties were identified and sent surveys. All results were received directly and tabulated by the external assessment team to maintain confidentiality in responses. Interviews were conducted by the external assessment team and included key partners and interested parties such as Internal Audit Oversight Committee members, Office management and staff, and auditees.

## V. About the Office of County Internal Audit





## Our mission

Provide county leadership objective assurance, advice and insight to optimize county efforts and achievements.

## Our vision

The public:

- engages with an accountable, high performing, and transparent local government
- is confident that its interests are protected

## Our strategic objectives

The Office supports Clackamas County by:

- focusing on risks to county achievement
- promoting continuous improvement
- enhancing accountability and transparency
- fostering county SPIRIT
- building public trust

## Our professional standards

The Office of County Internal Audit governs itself by adhering to The Institute of Internal Auditors' mandatory guidance, including the:

- Definition of Internal Auditing.
- Code of Ethics
- International Standards for the Professional Practice of Internal Auditing<sup>10</sup>

<sup>10</sup> <https://na.theiia.org/standards-guidance/mandatory-guidance/pages/standards.aspx>



## Our independence

The county internal auditor reports functionally to the Internal Audit Oversight Committee and administratively to the elected county treasurer. This authority ensures the Office is free of undue influence.

## Our team

Jodi Cochran, CPA, CIA, CGMA, CRMA, County Internal Auditor  
Kathy Yeung, CPA, CIA, Senior Internal Auditor

## Contact Us

Office of County Internal Audit  
2051 Kaen Road #460  
Oregon City, OR 97045  
Phone: 503-742-5983  
[ocia@clackamas.us](mailto:ocia@clackamas.us)

# Exhibits



# Exhibit A

## Independent Validation Statement

The three signatories noted below were engaged to conduct an independent validation of the Clackamas County's Office of County Internal Audit self-assessment. The primary objective of the validation was to verify the assertions and conclusions made in the attached self-assessment report concerning adequate fulfillment of the organization's basic expectations of internal audit, its conformity to The IIA's *International Standards for the Professional Practice of Internal Auditing* published in 2017, and successful internal audit practices and opportunities for continuous improvement noted. Other matters that might have been covered in a full external assessment, such as an in-depth analysis of successful practices based on benchmark data, governance activities, consulting services, and use of advanced technology, were excluded from the scope of this independent validation by agreement with the chief audit executive.

In acting as the qualified, independent external assessor from outside the organization, we are fully independent of the Office of County Internal Audit and have the necessary skills to undertake this engagement. The validation, concluded on March 25, 2025, consisted primarily of a review and a test of the procedures and results of IA's self-assessment. In addition, interviews were conducted with the County Treasurer, audit committee members, other members of senior management, and internal audit staff.

We concur with the Office of County Internal Audit conclusions and observations documented in the self-assessment report attached. Implementation of the recommendations contained in the self-assessment report will improve the effectiveness, enhance the value, and support conformity with the Standards and the Code of Ethics.

April 3, 2025

*Darrin Hotrum      Nicole Pexton      Adam Ristick*

**Darrin Hotrum, CIA, CFE, CISA**  
*Chief Internal Auditor,  
Oregon Judicial Department  
Independent External Assessor  
Performing the Validation*

**Nicole Pexton, CIA**  
*Chief Audit Executive,  
Oregon Liquor and Cannabis Commission  
Independent External Assessor  
Performing the Validation*

**Adam Ristick**  
*Senior Auditor,  
Oregon Department of Corrections  
Independent External Assessor  
Performing the Validation*

# Exhibit B

## International Standards for the Professional Practice of Internal Auditing

Evaluation Summary

Attribute Standards (1000 through 1300)		Generally conforms	Partially conforms	Does not conform
Overall evaluation		●	○	○
1000	Purpose, Authority, and Responsibility	●	○	○
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	○	●	○
1100	Independence and Objectivity	●	○	○
1110	Organizational Independence	○	●	○
1111	Direct Interaction with the Board	●	○	○
1112	Chief Audit Executive Roles Beyond Internal Auditing	●	○	○
1120	Individual Objectivity	●	○	○
1130	Impairment to Independence or Objectivity	●	○	○
1200	Proficiency and Due Professional Care	●	○	○
1210	Proficiency	●	○	○
1220	Due Professional Care	●	○	○
1230	Continuing Professional Development	●	○	○
1300	Quality Assurance and Improvement Program	○	●	○
1310	Requirements of the Quality Assurance and Improvement Program	○	●	○
1311	Internal Assessments	○	●	○
1312	External Assessments	○	○	●
1320	Reporting on the Quality Assurance and Improvement Program	○	●	○
1321	Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing"	●	○	○
1322	Disclosure of Nonconformance	○	●	○

Performance Standards (2000 through 2600)		Generally conforms	Partially conforms	Does not conform
2000	Managing the Internal Audit Activity	●	○	○
2010	Planning	●	○	○
2020	Communication and Approval	●	○	○
2030	Resource Management	●	○	○
2040	Policies and Procedures	●	○	○
2050	Coordination and Reliance	●	○	○
2060	Reporting to Senior Management and the Board	●	○	○
2070	External Service Provider and Organizational Responsibility for Internal Auditing	●	○	○
2100	Nature of Work	●	○	○
2110	Governance	●	○	○
2120	Risk Management	●	○	○
2130	Control	●	○	○
2200	Engagement Planning	●	○	○
2201	Planning Considerations	●	○	○
2210	Engagement Objectives	●	○	○
2220	Engagement Scope	●	○	○
2230	Engagement Resource Allocation	●	○	○
2240	Engagement Work Program	●	○	○
2300	Performing the Engagement	●	○	○
2310	Identifying Information	●	○	○
2320	Analysis and Evaluation	●	○	○
2330	Documenting Information	●	○	○

<b>Performance Standards (2000 through 2600)</b>		<b>Generally conforms</b>	<b>Partially conforms</b>	<b>Does not conform</b>
2340	Engagement Supervision	●	○	○
2400	Communicating Results	●	○	○
2410	Criteria for Communicating	●	○	○
2420	Quality of Communications	●	○	○
2421	Errors and Omissions	●	○	○
2430	Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"	●	○	○
2431	Engagement Disclosure of Nonconformance	○	●	○
2440	Disseminating Results	●	○	○
2450	Overall Opinions	●	○	○
2500	Monitoring Progress	●	○	○
2600	Communicating the Acceptance of Risks	●	○	○
<b>Code of Ethics</b>		<b>Generally conforms</b>	<b>Partially conforms</b>	<b>Does not conform</b>
	Code of Ethics	●	○	○

Source: *Quality Assessment Manual for the Internal Audit Activity*

# Exhibit C

International Standards for  
the Professional Practice of  
Internal Auditing  
Rating Definitions

**GC**

**“Generally Conforms”** means that the assessor or the assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual standards or elements of the Code of Ethics and at least partial conformity to the others within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics and has not applied them effectively or has not achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.

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**PC**

**“Partially Conforms”** means that the assessor or assessment team has concluded that the activity is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics, or a section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the Standards or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

---

**DNC**

**“Does Not Conform”** means that the assessor or assessment team has concluded that the internal audit activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many or all of the objectives of the individual standard or element of the Code of Ethics, or a section or major category. These deficiencies will usually have a significantly negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

*Source: Quality Assessment Manual for the Internal Audit Activity*

# Exhibit D

## Summary of Recommendations

As a result of the external quality assessment, five recommendations were made to summarize a total of over 40 actionable items. The top items in each recommendation are listed.

**Recommendation 1:  
Obtain external quality assessments every five years**

<b>Item #</b>	<b>Description</b>
1a	Report the results of an external quality assessment by December 2030
1b	Conduct a self-assessment and report on the status of the 2024 assessment recommendations by January 2029

**Auditor Response**

**The County Internal Auditor agrees with the recommendation.**

The results of the next external quality assessment will be reported by December 2030. The Internal Audit Oversight Committee will receive the results of an internal self-assessment no later than January 2029.

The revised five-year strategic plan will reflect these goals and associated actionable items.

**Recommendation 2:**

**Elevate the governance structure to reinforce organizational independence and professionalism**

<b>Item #</b>	<b>Description</b>
2a	Restructure the Internal Audit Oversight Committee to a five-member committee
2b	Positively affirm the Office’s organizational independence and how potential reporting compromises are addressed
2c	Hire a principal internal auditor by 2030

**Auditor Response**

**The County Internal Auditor generally agrees with the recommendation.**

The County Internal Auditor will increase documentation and awareness of the independence and objectivity of the Office of County Internal Audit.

The functional and administrative roles and responsibilities of the Internal Audit Oversight Committee and the County Treasurer, respectively, will be clearly defined and documented.

Annually, starting in June 2025, the County Internal Auditor will positively affirm the independence of the position and function and discuss in a public meeting the details of the organizational reporting structure with the Internal Audit Oversight Committee. This will enhance current requirements and attestations included in the Independence section of County Code, 2.15.040, and Oversight Committee-approved audit plan which state, respectively: “No significant impairments, in fact or appearance, have been noted in the prior year or are anticipated during the coming year;” and “If the Office conducts an audit of an activity for which the County Treasurer is responsible, the audit scope will state that the auditors are not organizationally independent with regard to the entity being audited.” Additionally, the Oversight Committee will be asked to provide feedback regarding the County Internal Auditor’s performance. These annual activities will be more intentionally documented in Internal Audit Oversight Committee meeting minutes and included in communication checklists and templates (See Recommendation 4).

With the goal of reinforcing organizational independence and professionalism, the County Internal Auditor will engage with the Internal Audit Oversight Committee to discuss its current seven-member structure and the benefits and obstacles of restructuring to a five-member committee. Additionally, the County Internal Auditor will pursue future opportunities to increase staff resources. These efforts, including the development of an internship program, will begin in September 2025.

The revised five-year strategic plan will reflect these goals and associated actionable items.

**Recommendation 3:  
Enhance the Office of County Internal Audit long-term strategic plan**

<b>Item #</b>	<b>Description</b>
3a	Address recommendations and detailed observations of 2024 external quality assessment
3b	Revise and expand Office of County Internal Audit performance metrics
3c	Develop a countywide assurance map

**Auditor Response:**

**The County Internal Auditor agrees with the recommendation.**

The external quality assessment report for the period of January 2020 through December 2024 forms the basis of the next five-year Office of County Internal Audit strategic plan. Strategic objectives will be designed to address the report’s recommendations and associated actionable items, tying each recommendation or actionable item to a strategic goal or milestone. Actionable items will include revising and expanding performance measures for the Office of County Internal Audit, as well as developing a countywide assurance map.

The revised strategic plan will be presented to the Internal Audit Oversight Committee by March 2026 and reviewed annually thereafter. The Quality Assurance and Improvement and Plan status updates will continue to be provided to the Oversight Committee quarterly.

**Recommendation 4:**

**Develop tools to support communication with internal and external partners and interested parties**

<b>Item #</b>	<b>Description</b>
4a	Review internally and externally published data for consistency in terms and messaging and compliance with standards
4b	Create checklist of annual communication with the Internal Audit Oversight Committee and Board of County Commissioners
4c	Establish internet dashboards

**Auditor Response:**

**The County Internal Auditor agrees with the recommendation.**

The Office of County Internal Audit prioritizes curiosity, communication and collaboration. Resources will be allocated to develop and implement tools which will support enhanced communications with internal and external partners. In addition to creating annual communication checklists and establishing internet dashboards, all Office of County Internal Audit published data will be reviewed for consistency in terms, messaging and compliance with standards.

This work will begin no later than January 2026 and will be reflected in the revised strategic plan.

**Recommendation 5:  
Expand and revise the Office of County Internal Audit policies and procedures manual**

<b>Item #</b>	<b>Description</b>
5a	Update to reflect new Global Internal Audit Standards
5b	Incorporate standard practices and templates already in place
5c	Address Good Government Hotline and investigative services

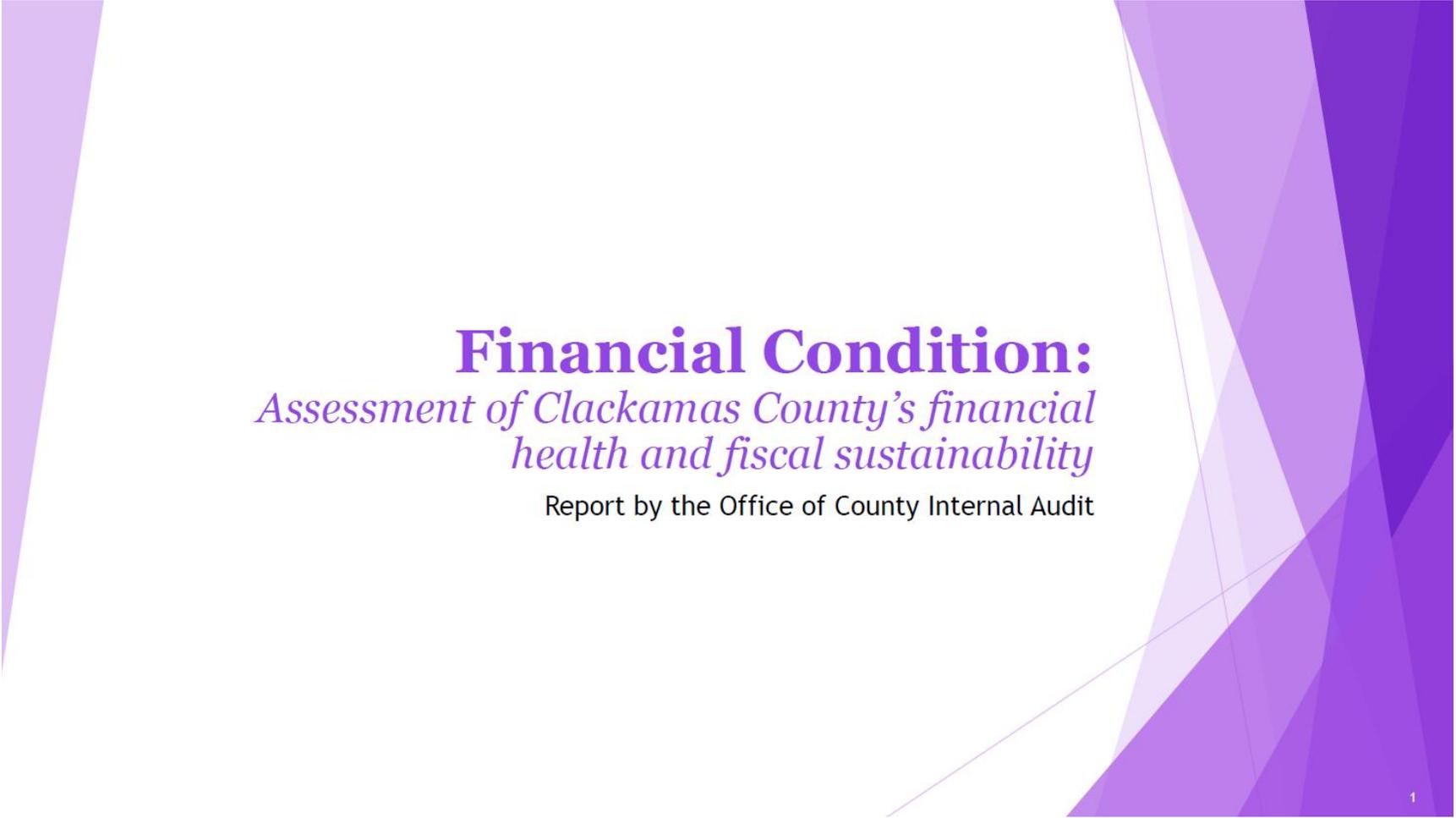
**Auditor Response:  
The County Internal Auditor agrees with the recommendation.**

The Office of County Internal Audit has developed and implemented several successful practices, templates and tools. Resources will be allocated to update the Office policies and procedures manual to reflect these and to better align with the new Global Internal Audit Standards. In addition to addressing the assurance and advisory services provided by the Office of County Internal Audit, the manual, and associated countywide policies, will be updated to reflect investigative services and administration of the county's Good Government Hotline.

This work will begin no later than October 2025 and will be reflected in the revised strategic plan.

Clackamas County  
Internal Audit Oversight Committee  
Meeting Materials  
Wednesday, April 9, 2025

Item #4  
FY2024 Financial Condition Analysis - Presentation



**Financial Condition:**  
*Assessment of Clackamas County's financial  
health and fiscal sustainability*  
Report by the Office of County Internal Audit

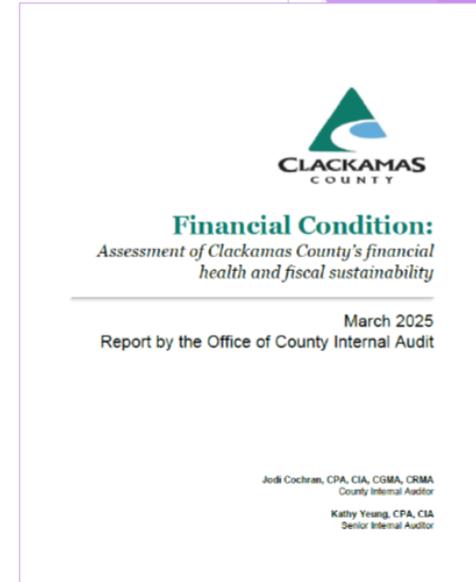
## What is a Financial Condition?

This report provides users information on Clackamas County's financial health

- ▶ Identifies favorable and unfavorable trends at a high level
- ▶ Provides additional analysis and transparency of the County's financial health

### What it doesn't do:

- ▶ Provide recommendations on operational processes
- ▶ Provide explanations or analysis on the cause of changes



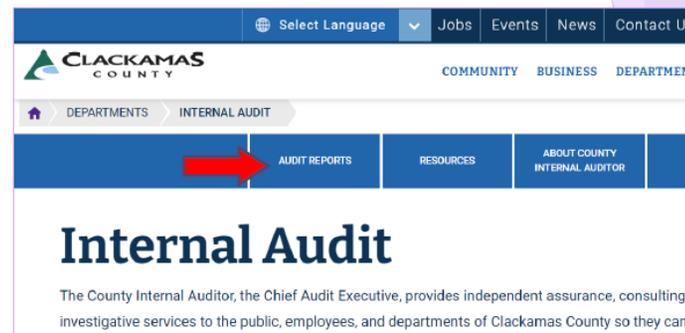
## What We Found

- ▶ Number of indicators with a yellow, “needs more attention” have been decreasing
- ▶ Total expenditures continue to trend upwards in the last three years
- ▶ In FY24, revenues were greater than expenses
- ▶ Liquidity is above the benchmark
- ▶ Debt spending percentage is below the warning threshold
- ▶ Population growth has slowed in the last five years

	Indicator	Change from Previous Year	10-year Trend	Interpretation
<b>Financial Health</b>	Liquidity: Cash resources to meet immediate needs	↑	↑ <small>Above standard since 2022</small>	OK
	Debt Ratio: Compares total debt to total assets	↑	↑ <small>Above standard since 2022</small>	OK
	Fund Balance Ratio: Reserves for adequate cash flow and capacity to withstand financial emergencies	↑	↓ <small>Above standard since 2022</small>	OK
	Capital Assets Aging: Maintenance and repair of county's buildings, roads, bridges, machinery, and equipment	↓	↓	Needs more attention
	Net Position: What we own versus what we owe	↑	↑	OK
<b>Revenues</b>	Revenue per county resident	↑	↑	OK
	Property taxes collected per county resident	↑	↑	OK
	Percentage of General Fund Intergovernmental Revenues: County general fund dollars received from state and federal government	↓	↑	OK
<b>Expenditures</b>	Expenses per county resident	↑	↑	Needs more attention
	County employees per 1,000 county residents	↑	↑	OK
	Internal service expenses	↑	↓	OK
<b>Debt</b>	Percentage of spending on debt: County dollars spent on principal and interest	↑	↓	OK
	Credit Ratings: Independent assessment of County's debt health	↑	↑	OK
	Outstanding debt per county resident	↑	↑	OK
<b>Demographics</b>	Per capita income	↑	↑	OK
	Poverty	↓	↓	OK
	Residents without health insurance	↓	↓	OK
	Unemployment	↑	↓	OK

## About the Report

- ▶ The Financial Condition report can be found on the Office of Internal Audit website: [Clackamas.us/internalaudit](http://Clackamas.us/internalaudit)
- ▶ Four Financial Condition reports to date; done every other year
- ▶ Key trends and indicators were based on the International City/County Management Association



Clackamas County  
Internal Audit Oversight Committee  
Meeting Materials  
Wednesday, April 9, 2025

Item #4  
FY24 Financial Condition Analysis Report



# **Financial Condition:**

*Assessment of Clackamas County's financial health and fiscal sustainability*

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March 2025

Report by the Office of County Internal Audit

**Jodi Cochran, CPA, CIA, CGMA, CRMA**  
County Internal Auditor

**Kathy Yeung, CPA, CIA**  
Senior Internal Auditor

## NOTICE

The Office of County Internal Audit is committed to providing meaningful access to users of the report. For accommodations, translations, or additional information, please contact us via email at [ocia@clackamas.us](mailto:ocia@clackamas.us) or via phone at 503-742-5983.

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县内部审计办公室致力于为该报告的用户提供有意义的访问权限。有关翻译或其他信息，请通过电子邮件 [ocia@clackamas.us](mailto:ocia@clackamas.us) 或拨打 503-742-5983 与我们联系。

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Văn phòng Kiểm toán Nội bộ Hạt cam kết cung cấp phương tiện phù hợp để người 2ong tiếp cận báo cáo. Để biết 2ong thông tin về, dịch thuật, hoặc các thông tin khác, vui 2ong liên hệ chúng tôi qua email [ocia@clackamas.us](mailto:ocia@clackamas.us) hoặc số điện thoại 503-742-5983.

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To request this report in large print or to receive descriptive text and narratives for all visuals and graphs in this report, please contact us via email at [ocia@clackamas.us](mailto:ocia@clackamas.us) or via phone at 503-742-5983.



# Executive Summary

The county's financial health is stable. The county has a balanced budget and the county's debt liquidity, fund balance, and credit ratings are strong. Revenue and expense per county resident indicators continue to increase. The county needs to continue to monitor its aging capital assets, unmet infrastructure needs, and increasing expenditures.

	Indicator	Change from Previous Year	10-year Trend	Interpretation
Financial Health	Liquidity: Cash resources to meet immediate needs	↑	↑ <small>Above standard since 2007</small>	OK
	Debt Ratio: Compares total debt to total assets	↑	↑ <small>Above standard since 2007</small>	OK
	Fund Balance Ratio: Reserves for adequate cash flow and capacity to withstand financial emergencies	↑	↓ <small>Above standard since 2010</small>	OK
	Capital Assets Aging: Maintenance and repair of county's buildings, roads, bridges, machinery, and equipment	↓	↓	Needs more attention
	Net Position: What we own versus what we owe	↑	↑	OK
Revenues	Revenue per county resident	↑	↑	OK
	Property taxes collected per county resident	↑	↑	OK
	Percentage of General Fund Intergovernmental Revenues: County general fund dollars received from state and federal government	↓	↑	OK
Expenditures	Expenses per county resident	↑	↑	Needs more attention
	County employees per 1,000 county residents	↑	↑	OK
	Internal service expenses	↑	↓	OK
Debt	Percentage of spending on debt: County dollars spent on principal and interest	↑	↓	OK
	Credit Ratings: Independent assessment of County's debt health	↑	↑	OK
	Outstanding debt per county resident	↑	↑	OK
Demographics	Per capita income	↑	↑	OK
	Poverty	↓	↓	OK
	Residents without health insurance	↓	↓	OK
	Unemployment	↑	↓	OK



# Background

## What is the Financial Condition?

This report provides residents and public officials information on Clackamas County’s financial health. The report uses information—primarily from the county’s audited Annual Comprehensive Financial Report—and identifies favorable and unfavorable trends at a high level. Monitoring county finances over time enables public officials and residents to assess the county’s financial condition and fiscal sustainability, and to identify problem areas that may need attention.

A financially sustainable county can meet its obligations and provide services on an ongoing basis. It can address the effects of fiscal interdependency between governments, withstand economic disruptions, and respond to changes in the environment. A financially stable county collects enough revenue to pay its short and long-term bills and finance major needs without shifting disproportionate costs to future generations.

## County Services

The county provides direct services to both urban and rural residents of Clackamas County. Some of these services are supported by local taxes. Others rely in part on state and federal revenue. The Association of Oregon Counties<sup>1</sup> identified major services provided by the state, counties, and by both entities.

SHARED STATE-COUNTY SERVICES					
	GOVERNANCE, REVENUE, & ECONOMIC DEV.	PUBLIC SAFETY & VETERANS	NATURAL RESOURCES	TRANSPORTATION & COMMUNITY DEVELOPMENT	HEALTH & HUMAN SERVICES
<b>STATE-PROVIDED SERVICES</b>	Administrative Services Contracting & Procurement	Appellate Courts Department of Justice State Police State Prisons	State Lands State Parks Water Regulation Wildlife Regulation	State Highways	Child Protection State Hospital
<b>STATE/COUNTY-SHARED SERVICES</b>	County Courthouses County Fairs Economic Development Elections Extension Service Fees Finance & Investment Insurance & Liability Labor Relations PERS Public Records & Meetings Revenue & Taxation	Community Corrections County Law Libraries Court Security District Attorney Services Drug Policy Emergency Services Juvenile Services Marine Patrol Services Medical Examiner Trial & Specialty Courts Veteran Services	County Forest Trust Lands County Parks Energy Development Federal Land Policy Land Use (resource lands) Ocean & Coastal Policy Pesticide Control Predator Control Private & State Forests Watermaster Weed Control Wetlands Wildfires	Broadband Building Code & Inspections Engineering Highway & Road System Infrastructure Development Land Use (non-resource lands) Ports Railroads Telecommunications Transit	Behavioral Health Services, including: Court-Ordered "Aid and Asset Restoration" Mental Health Treatment & Recovery Services Civil Commitment Investigations & Services Crisis Response 'Guilty Except for Insanity' Secure Residential Treatment Supported Housing Substance Abuse Prevention and Treatment Environmental Health Intellectual & Developmental Disabilities Services Public Health
<b>COUNTY-PROVIDED SERVICES</b>	Administrative Services County Library County Museums County Service Districts County Governance Document Recording	Animal Control County Jails Justice Courts Search & Rescue Sheriff Patrol	County Parks County Property Soil & Water Conservation Vector Control	County Road System Recycling Solid Waste Management Surveying	

Disclaimer: Please note this list is not all inclusive. | Last updated Jan. 23, 2025

**AOC** ASSOCIATION OF OREGON COUNTIES

Source: Association of Oregon Counties Shared Services Chart

<sup>1</sup> <http://oregoncounties.org/news/publications/shared-services/>



## Clackamas County's Financial Condition

This report is intended to provide additional analysis and transparency of the county's financial health. It is not intended to provide explanations or analysis on the cause of changes, nor provide recommendations on operational processes.

In the fiscal year beginning July 1, 2021, the county changed the chart of accounts to tie to county strategic goals and streamline processes and fund management. In changing the chart of accounts, some funds were consolidated and reclassified.

In FY23, the county entered into an agreement for the construction of a new courthouse<sup>2</sup> using a public-private partnership. The project value is approximately \$313 million, and funding is through the Oregon Courthouse Capital Construction Improvement Fund, the State of Oregon General Fund, the Oregon Judicial Department, and budgeted county general funds. The county's share will be paid over 30 years, averaging \$15 million annually, and is expected to start May 2025. The \$130 million milestone payment due in May 2025 will be paid with the state funding. The FY24 financial condition analysis does not reflect the impact of these funding obligations as the payments have not occurred and are not reflected in the annual comprehensive financial reports supporting this analysis. Future financial condition analyses will incorporate these future transactions.

Unless otherwise indicated, data is presented on a fiscal year basis. Years on the graphs represent data as of the fiscal year ended (e.g., 2024 represents June 30, 2024).

## About Clackamas County

Clackamas County was established on July 5, 1843. It is governed by an elected Board of Commissioners. The county encompasses 1,883 square miles of urban, suburban, rural, and wild geographic areas.

The county's Land Acknowledgement states: "What we now call Clackamas County is the traditional lands and waterways of the Clackamas, Chinook Bands, Kalapuya, Kathlamet, Molalla, Multnomah, Tualatin, Tumwater, Wasco and many other tribes of the Willamette Valley and Western Oregon. We will never be able to name every tribe that visited or lived upon this land because these communities frequently traveled for trade and other reasons. The Indigenous people lived, traded and navigated along great rivers and tributaries presently named the Clackamas, Molalla, Pudding, Sandy, and Willamette. Many of the original inhabitants of this land died from disease, war and other conflicts. Those that survived these tragedies were forcibly removed and relocated by European settlers and the United States Government because of the land's value. Today, their descendants live on, still carrying on the traditions and cultures of their ancestors.

"We honor the Native American people of Clackamas County as a vibrant, foundational and integral part of our community here today. We respectfully acknowledge Wy'east, also known as Mount Hood, and Hyas Tyee Tumwater, also known as Willamette Falls, as sacred sites for many Native Americans. We thank those who have connection to this land and serve as stewards, working to ensure our ecosystem stays balanced and healthy."<sup>3</sup>

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<sup>2</sup> Clackamas County [Courthouse Project](#)

<sup>3</sup> About [Clackamas County](#)

# Revenues and Expenses

## Why are Revenues and Expenses Important?

Revenues are necessary for a government to provide services to its residents. Diverse sources of revenue can help the county weather a downturn in the economy. Expenses are the government’s cost of providing public services, not just what the government spent (expenditures) during the year. Some common expenses are salaries and wages, pension obligations, and asset depreciation. The county can have a balanced budget each year based on its anticipated resources and budgeted expenditures.

## Total Revenues Greater than Expenses Result in Potential Savings

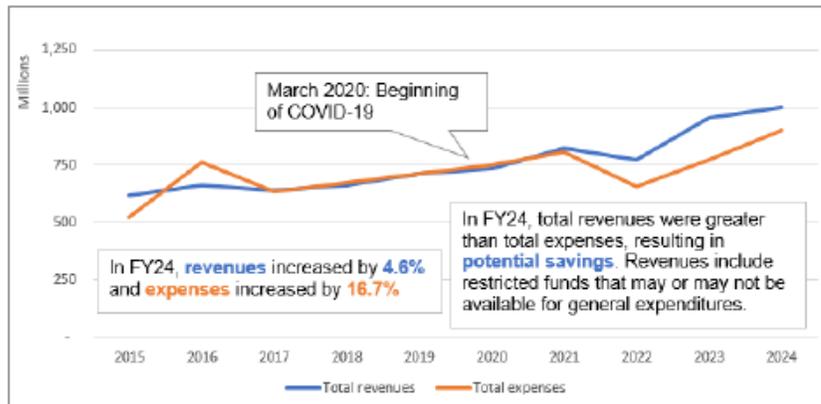


Figure 1 Revenues versus expenses (in millions, adjusted for inflation)

Potential savings represent the intentional efforts in creating capacity and ensuring future financial stability. Within the last ten years (FY15 to FY24), revenues increased by approximately \$381.2 million<sup>4</sup> (adjusted for inflation). When compared to the previous year (FY23), revenues and expenses increased by approximately 4.6% and 16.7%, respectively (Figure 1).

Total revenues greater than expenses result in a revenue overage, and total expenses greater than revenues result in a revenue shortage. In FY24, revenues were approximately \$998.4 million and expenses were \$900.8 million (Figure 2). This resulted in a revenue overage that created capacity and supported intentional planning for the county’s 30-year courthouse obligation. It should be noted that revenues can include funds that are restricted and may not be available for general expenditures. For more information about restricted fund balances, see the “Financial Health” section.

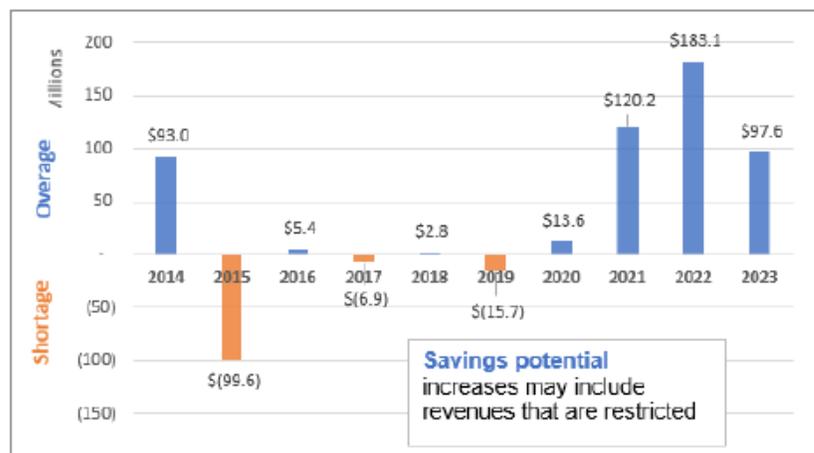


Figure 2 Revenue overages and shortfalls (in millions, adjusted for inflation)

<sup>4</sup> Excludes legally separate, tax-exempt component units of Clackamas County

## Where Does the Money Come From?

Diverse sources of revenue can help the county weather a downturn in the economy. Combined, grants and contributions and property taxes accounted for 74.2% of county revenue sources in FY24. In addition to these two largest revenue sources, the county receives revenues from charges for government services, charges for business services, lodging tax, and other miscellaneous sources. For the purposes of this report, revenues of discretely presented component units were excluded as the county has no financial benefit or burden relationship with the legally separated, tax-exempt component units<sup>5</sup>. Grants and contributions increased by 6.2% from the prior year and property taxes increased by 0.8%. Revenues in all other categories had an increase from the prior year (Figure 3).

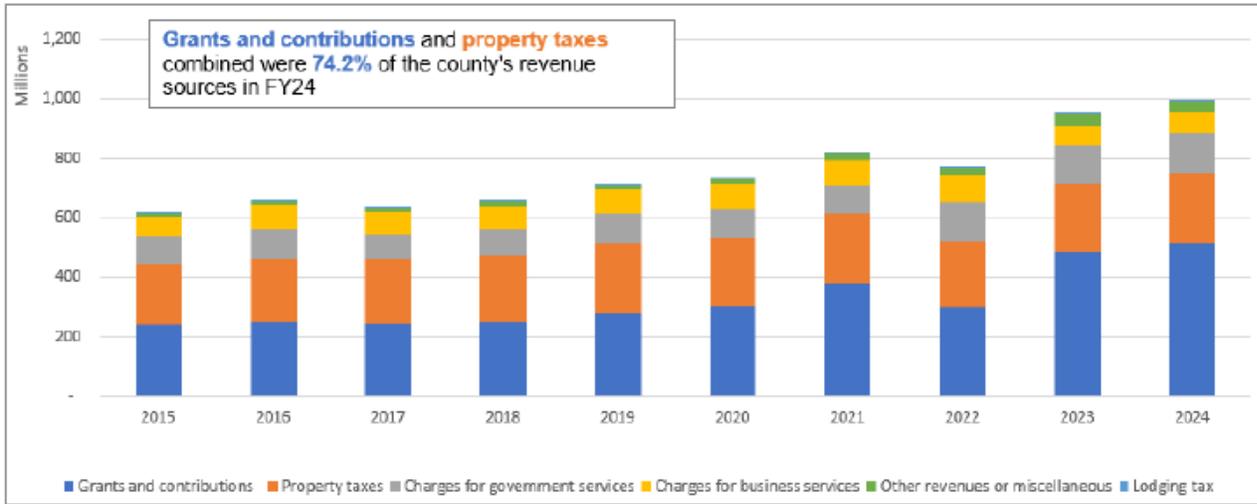


Figure 3 Revenues by source (in millions, adjusted for inflation)

### Grants and contributions were the largest revenue source

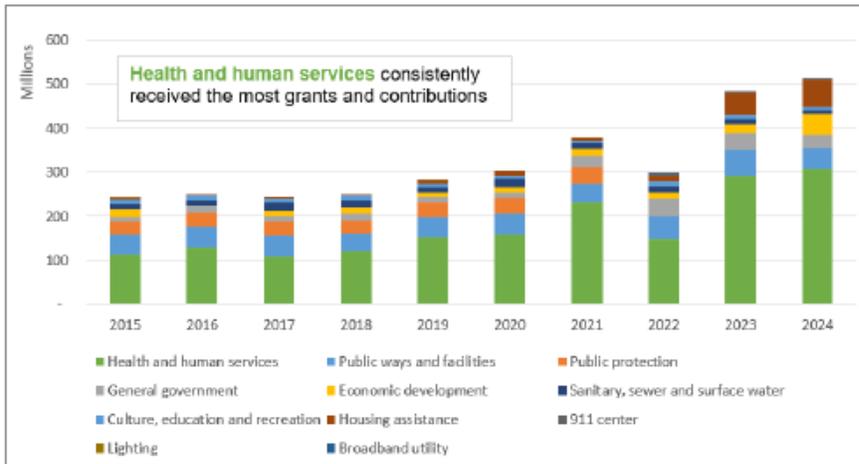


Figure 4 Grants and contributions (in millions, adjusted for inflation)

Grants and contributions were the largest revenue source for the county (Figure 4). These revenues included direct federal, state, and local funding, as well as federal funding passing through the state to the county. Many programs were supported by these revenues.

<sup>5</sup> Clackamas County [Annual Comprehensive Financial Report](#) for the fiscal year ended June 30, 2024

COVID-19 assistance and relief funds received as a result of the state of emergency<sup>6</sup> led to an increase in health and human services grants and contributions in FY21. Health and human services, public ways and facilities, and public protection combined consistently represent more than half of all grants and contributions (Figure 5).

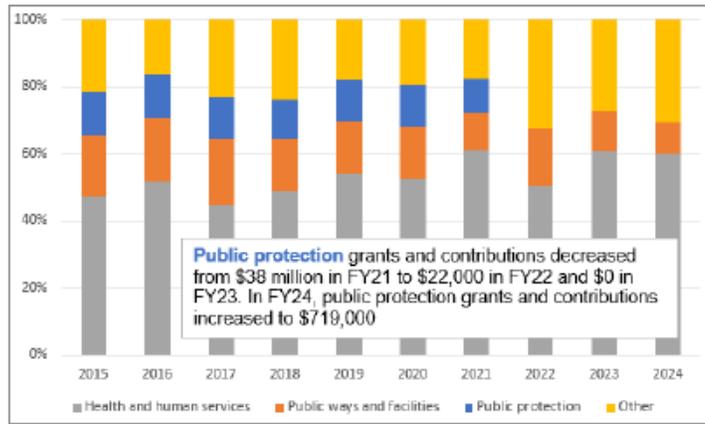


Figure 5 Percentage of grants and contributions by revenue source (adjusted for inflation)

In FY22, the county revised its funding structure and reporting classifications of public protection and general government funds. A portion of the public protection decrease can be attributed to the change in funding structure and classifications. Public protection grants and contributions were \$38.1 million in FY21 and decreased to \$22 thousand in FY22 and then \$0 in FY23. Revenues increased to \$0.7 million in FY24.

The county's general government reliance on grants and contributions can be represented by intergovernmental revenues as a percentage of total general fund revenues<sup>7</sup>. Intergovernmental revenues include all revenues from federal, state, and other local government sources and can come in the form of grants and contributions, shared revenues, etc. This percentage remained steady from FY15 through FY21. An increase of \$29.7 million in general fund intergovernmental revenues during FY22 resulted in a percentage increase from 4.7% of total general fund revenues to 16.0% before decreasing to 14.2% in FY24 (Figure 6).

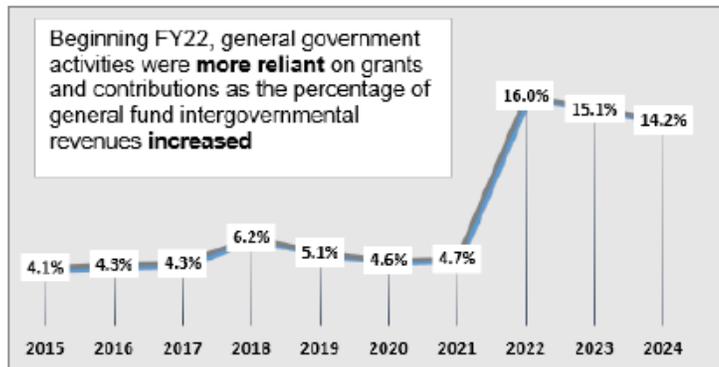


Figure 6 General fund intergovernmental revenues as a percentage of total general fund revenues

### Property taxes average an annual 5.2% growth in the last 10 years

General government programs, as well as library services, were primarily supported by property tax revenues. In FY24, the county received approximately \$234.8 million in county property taxes<sup>8</sup>. In the last 10 years, the county received just over \$1.9 billion in county related property taxes. Since FY15, approximately 68.8% to 73.5% of county property taxes paid for general county services.

<sup>6</sup> State of Oregon [Executive Order No. 20-03](#) signed on March 8, 2020

<sup>7</sup> Total general fund revenues include property taxes, intergovernmental, charges for services, licenses and permits, fines, forfeitures and penalties, and miscellaneous.

<sup>8</sup> Property tax revenue from component units and service districts excluded

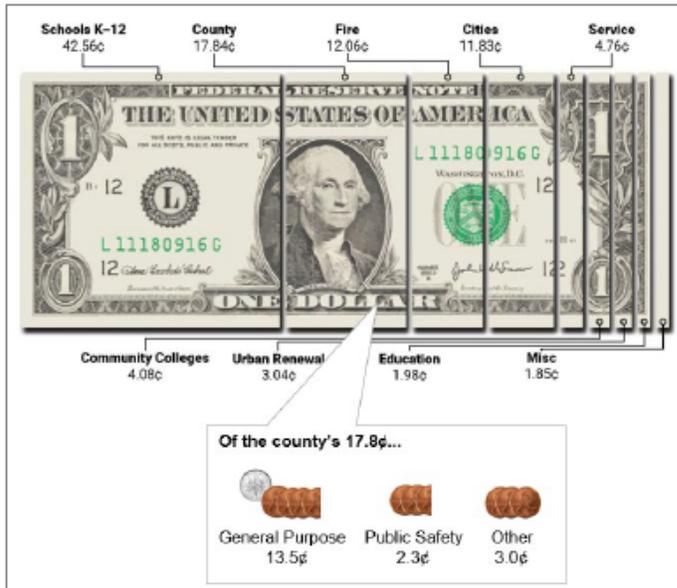


Figure 7 Programs funded with property tax revenue allocated to the county in FY24; dollar bill chart provided by Clackamas County Assessment & Taxation

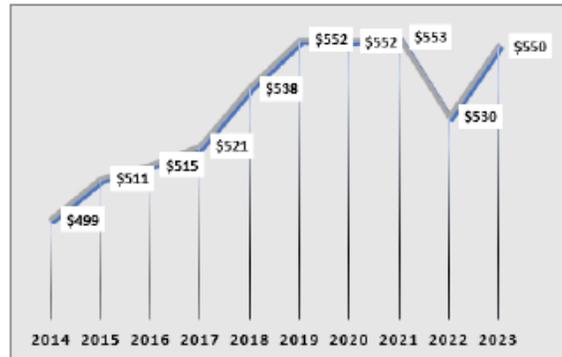


Figure 8 Property taxes collected per person (adjusted for inflation)

About 17.8% of property taxes collected within Clackamas County went to the county, and the remainder of property tax revenues were passed to schools and community colleges, fire districts, service districts, and more<sup>9</sup>. This meant for every dollar of property taxes, 17.8¢ went to the

county. Of that 17.8¢, about 13.5¢ were used for general purpose, 2.3¢ for public safety, and 3.0¢ for other services such as the library, parks and recreation, education outreach, and more (Figure 7). Property taxes collected per person<sup>10</sup> averaged a two percent annual increase from FY15 though FY19 and had since held relatively steady at around \$510 per person since FY19 with the exception of a drop in FY22 (Figure 8).

### Third largest revenue source was fees, fines and charges for services

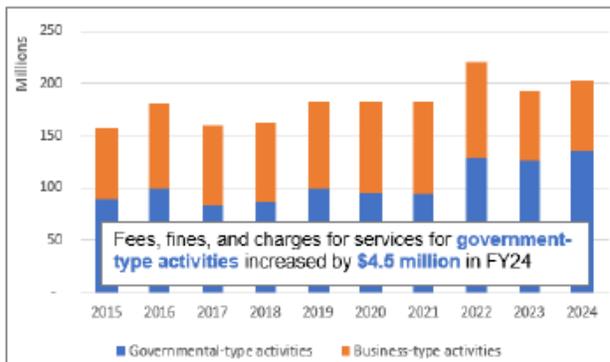


Figure 9 Government and business fees, fines, and charges (in millions, adjusted for inflation)

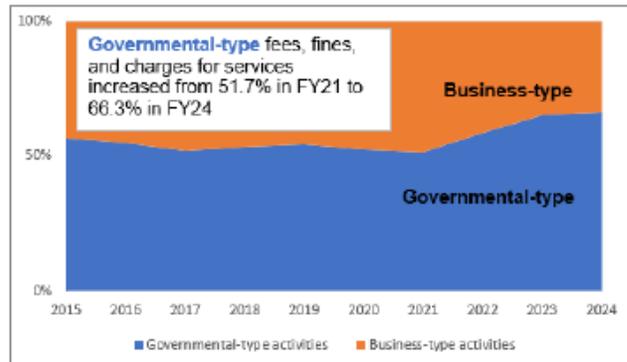


Figure 10 Government and business fees, fines, and charges percentages of total (adjusted for inflation)

Fees, fines and charges for services can be broken down into two categories: governmental-type and business-type activities. Each category accounts for roughly fifty percent of this revenue source though FY21 (Figure 9 and Figure 10). In FY24, fees, fines, and charges for services for governmental-type activities increased to 66.3% of the total.

<sup>9</sup> Clackamas County [Assessment & Taxation](#)

<sup>10</sup> Population per [U.S. Census Bureau](#) American Community Survey Demographic and Housing Estimates

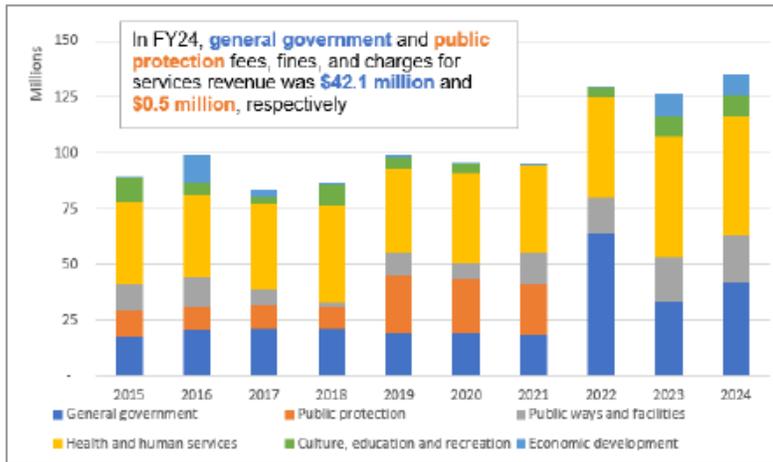


Figure 11 Government fees, fines and charges for services (in millions, adjusted for inflation)

exception of FY22 in which general government was the largest source of revenue (Figure 11). In FY22, a significant portion of the public protection revenue and expenditure was unintentionally regrouped and reported as part of the general government category. In FY24, general government increased by 26.2% from the prior year; all other categories had less than a 10.0% change.

Business-type activities are generally characterized by an exchange relationship manifested by user charges that may be based on the costs of providing a particular service. Some business-type activities receive significant operating subsidies, capital grants, or taxes from the general government, diminishing the role of costs in establishing users' charges.

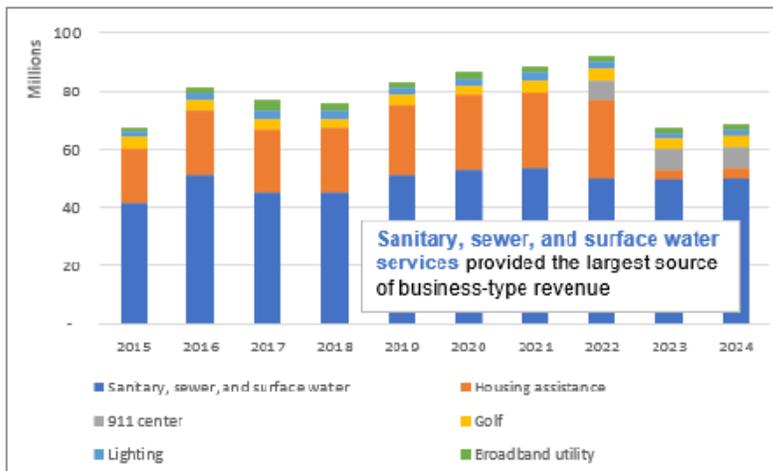


Figure 12 Business fees, fines, and charges for services (in millions, adjusted for inflation)

Governmental-type activities generally occur when no “exchange” relationship exists between resources provided and services received. For example, most individual property taxes do not pay for a specific service, even though individual taxes or portions of taxes are sometimes dedicated to particular activities.

Health and human services were the largest source of revenue for governmental-type activities in the last ten years with the

The total increase in business-type fees, fines, and charges for services revenue for FY24 was about 1.9%. Sanitary, sewer, and surface water and housing assistance programs generated 73.5% of total business-type fees, fines, and charges for services revenue (Figure 12). Housing assistance fees, fines, and charges revenue decreased from \$26.4 million in FY22 to \$3.2 million in FY24 (adjusted for inflation).

## Where Does the Money Go?

Over a 10-year trend, health and human services and public protection expenditures combined have consistently represented the majority of total expenditures. The average annual increase for total expenditure was 6.2% from FY17 to FY21 and 17.3% from FY23 to FY24; in FY22, total expenditure decreased by about 18.9%, or approximately \$152.6 million. General government expenditure was \$70.1 million in FY21, \$228.7 million in FY22, \$83.3 million in FY23, and \$90.5 million in FY24 (adjusted for inflation). Public protection

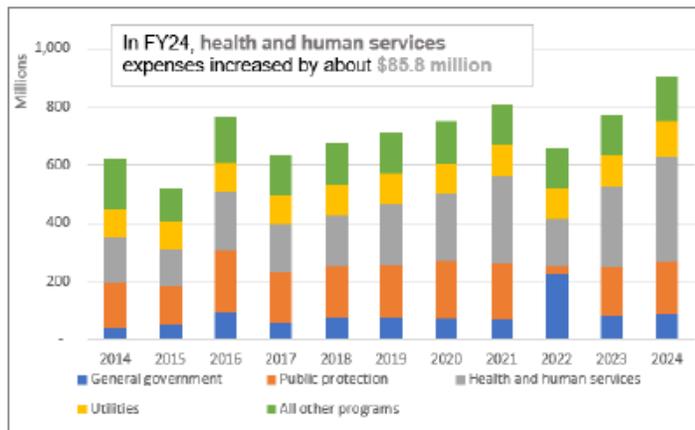


Figure 13 Expenditures by function excluding legally separate, tax-exempt component units of the County (in millions, adjusted for inflation)

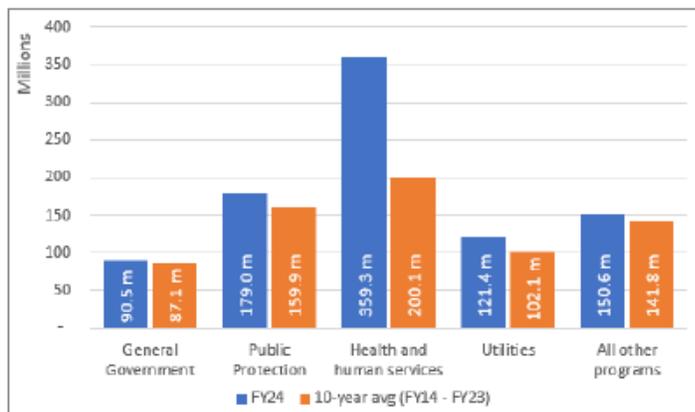


Figure 14 FY24 Expenses by function compared to 10-year average (in millions, adjusted for inflation)

expenditure was reported as \$192.0 million in FY21, \$23.3 million in FY22, \$167.7 million in FY23, and \$179.0 million in FY24<sup>11</sup> (Figure 13). In FY22, a significant portion of the public protection expenditure was unintentionally regrouped and reported as part of the general government category.

Of the total expenditures<sup>12</sup> in FY24, health and human services represented 39.9% (\$359.3 million), public protection represented 19.9% (\$179.0 million), and general government represented 10.0% (\$90.5 million). Health and human services expenditures continue to represent the largest spending function (Figure 14).

### Public protection expenditures were relatively consistent with the exception of a reporting issue in FY22

Public protection expenditures included activities to support the Sheriff's Office, Juvenile department, District Attorney's Office, Disaster Management, the Law

Library, Public Safety Local Option Levy, and more. Public protection expenditures for the Sheriff's Office are for operating the county's jail and providing patrol, investigation, and civil processing services to incorporated and unincorporated areas of Clackamas County. The Public Safety Local Option Levy, renewed in May 2021, helps fund additional jail beds and deputies. The Juvenile Department provides supervision of juvenile offenders in the community. The District Attorney's Office prosecutes offenders and protects crime victims. The county's Justice Court generally has jurisdiction over misdemeanors and violations sited to its court.

Beginning FY22, several funds were grouped into the General Fund: Sheriff Fund, District Attorney, Juvenile, Justice Court, and Disaster Management. Under the new public protection fund structure and classification, FY23 and FY24 public protection expenditures were reported in the following funds: general fund, sheriff's operating levy, enhanced law

<sup>11</sup> Expenditures by function as detailed in Figure 13 were based on government-wide financial statements (i.e., Statement of Activities) that use the accrual basis of accounting. Public protection expenditures detailed in Figure 15 and Figure 16 were based on fund financial statements that uses the modified accrual basis of accounting. As such, noted expenditure values are different.

<sup>11</sup> Clackamas County [Health Centers](#)

<sup>12</sup> Excludes legally separate, tax-exempt component units of Clackamas County

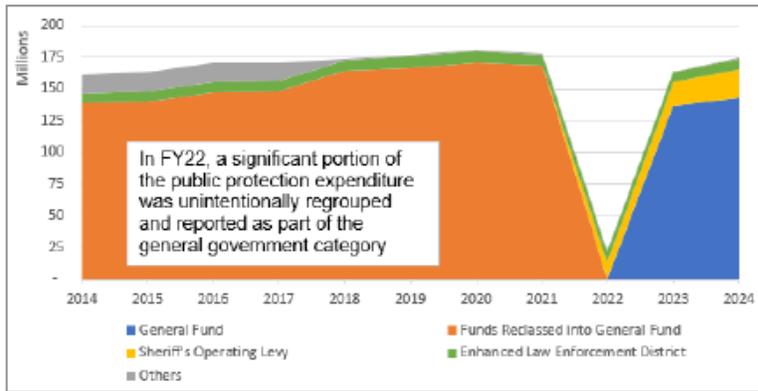


Figure 15 Public protection expenditures by fund (in millions, adjusted for inflation)

enforcement district, law library fund, inmate welfare special fund, and the Clackamas County Sheriff's Office forfeitures fund.

Total reported public protection expenditure was \$177.4 million in FY21, \$22.1 million in FY22, \$163.4 million FY23, and \$174.9 million in FY24<sup>13</sup>. In FY22, a significant portion of the public protection expenditure was unintentionally regrouped and

reported as part of the general government category (Figure 15). As shown in Figure 13, the total general government and public protection expenditures remain relatively consistent with a combined total of \$262.1 million in FY21, \$252.0 million in FY22, \$251.0 million in FY23, and \$269.5 million in FY24.

### Health and human services expenditure continued to trend upwards

County Health Centers include medical and dental clinics, public health services, school-based clinics, and other health care and education services for the community. The Social Services division provides assistance to seniors, people with disabilities, veterans, and low-income residents of the county. Behavioral Health provides mental health and addiction treatment services. Public Health handles infectious disease control and prevention, healthy places, access to care, environmental health, and more. Children, Family & Community Connections promotes wellness and positive outcomes for county children and families. The mission of the Community Development division is to strengthen and improve neighborhoods throughout the county through the use of federal grants.

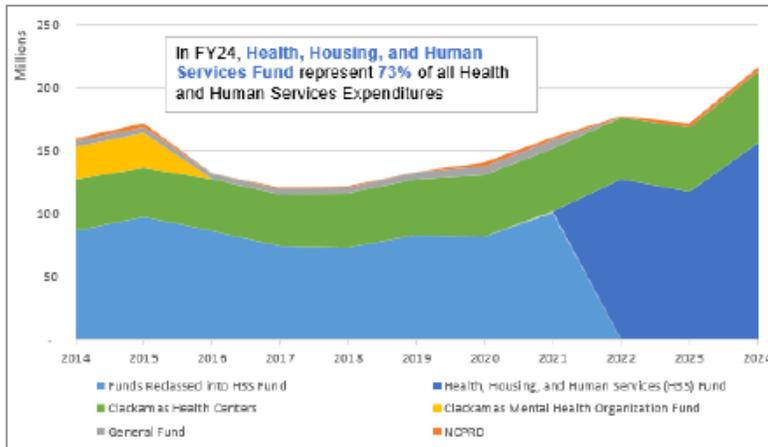


Figure 16 Health and Human Services expenditures by funds (in millions, adjusted for inflation)

Due to the change in funding structure and classification beginning in FY22, the aforementioned divisions (i.e., behavioral health, social services, public health, etc.) were consolidated into the Health, Housing, and Human Services (H3S) Fund. Total health and human services expenditures continued to trend upward with \$161.4 million in FY21, \$177.8 million in FY22, \$171.5 million in FY23, and \$216.3 million in FY24 (Figure 16).

<sup>13</sup> Public protection expenditures detailed in Figure 15 and Figure 16 were based on fund financial statements that uses the modified accrual basis of accounting. Expenditures by function as detailed in Figure 13 were based on government-wide financial statements (i.e., Statement of Activities) that use the accrual basis of accounting. As such, noted expenditure values are different.

## Internal service fund expenditures have steadied

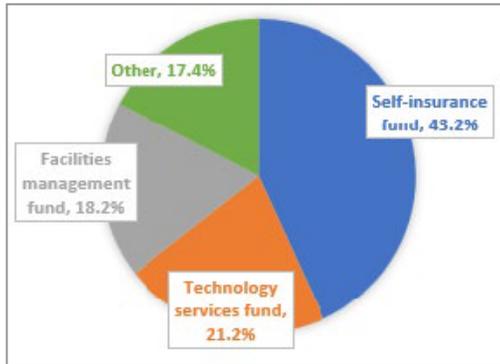


Figure 17 Internal service fund expenditures major program percentages in FY24

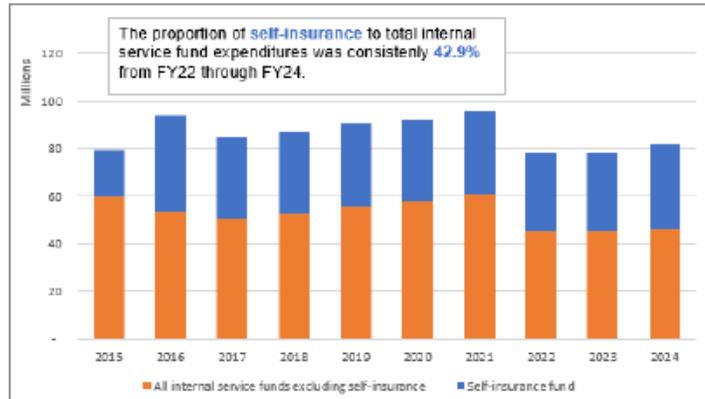


Figure 18 Internal service fund expenditures (in millions, adjusted for inflation)

Internal service funds account for services and activities provided by the county for other units primarily within the county (e.g., Human Resources, Finance, etc.). Self-insurance cost accounted for the dental and short-term disability self-insured programs, employee assistance and wellness activities, and flexible spending accounts for health care and dependent care expenses.

In FY24, self-insurance costs were \$35.2 million and represented 43.2% of all internal service costs. Technology services and facilities management were the next two largest costs (Figure 17). Removing the impact of the self-insurance fund, internal service costs remained relatively proportionate since FY17 with an average 4.7% increase from FY18 through FY21 and then steadied beginning FY22 (Figure 18).

## Number of county employees remained near five per 1,000 residents

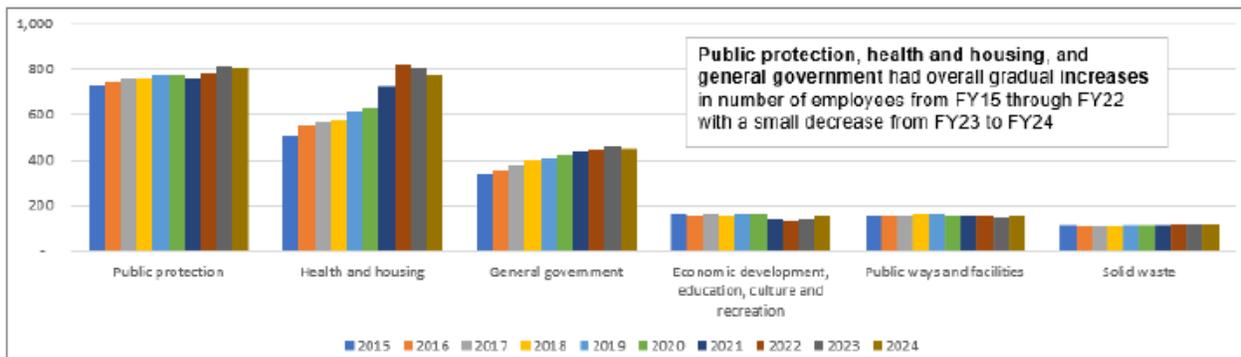


Figure 19 Number of FTE by area of government (does not include temporary employees)

The number of county employees and the county overall population both increased, on average, 2.2% annually for the last 10 years. While the distribution of employees among county programs and areas of government fluctuated (Figure 19), the county maintained an average relationship of 5.3 employees to 1,000 county residents since 2014. At the end of 2023, the county employed about 5.9 employees per 1,000 County residents (Figure 20). The fluctuations in the number of full-time equivalent employees over the years reflect the

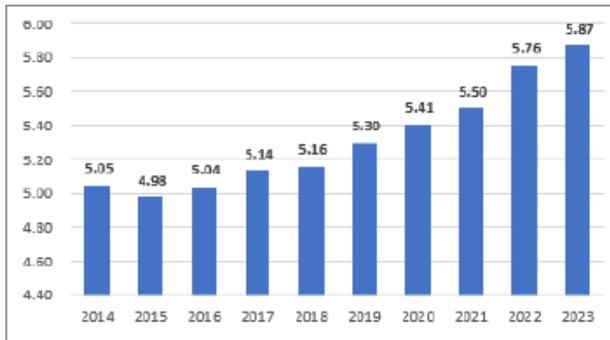


Figure 20 County employees per 1,000 county

county's response to changes in economic factors, funding availability, and the demand for county services.

### Employee wages, benefits, and other costs continued to increase

As the number of employees increased, workforce compensation expenses also increased. Since FY13, annual increase in wages averaged 1.8%, PERS increase

averaged 6.4%, taxes averaged 1.9% increase, fringe benefits averaged a 0.7% increase, and other benefits were held relatively stable with a 5.8% increase in FY24 (Figure 21). In FY24, wages and benefits costs totaled approximately \$359.7 million. On average, benefits and other costs accounted for 38.2% of total workforce compensation expenses. PERS cost and fringe benefits represented majority of these costs (Figure 22).

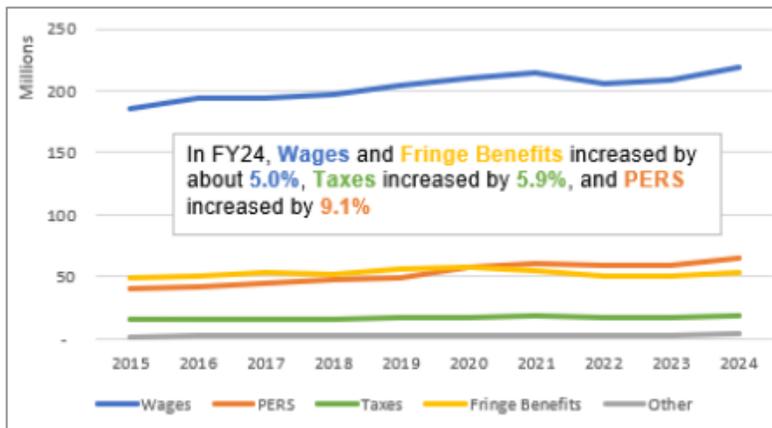


Figure 21 Wages, benefits and other costs (in millions, adjusted for inflation)

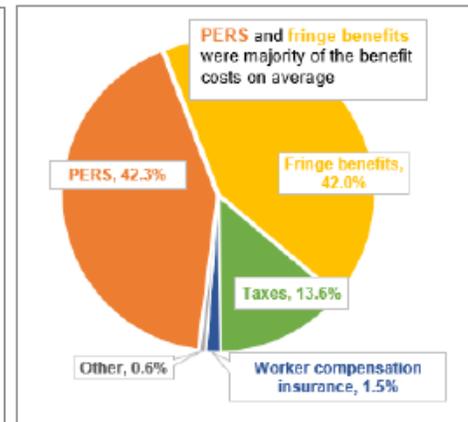


Figure 22 Benefits and other costs FY15 to FY24 average percentage

### Savings potential has increased since FY21

Potential savings represent the intentional efforts in creating capacity and ensuring future financial stability. Revenue per capita measures the average revenue earned by the county per person in the county. Expense per capita is the average amount of government spending by the county to provide services to county residents. Since FY21, revenue per capita was greater than expense per capita which led to an increased capacity to intentionally plan for future obligations. From FY22 to FY23, the revenue per capita increased by 23.2% and the expense per capita increased by 17.9% (Figure 23).

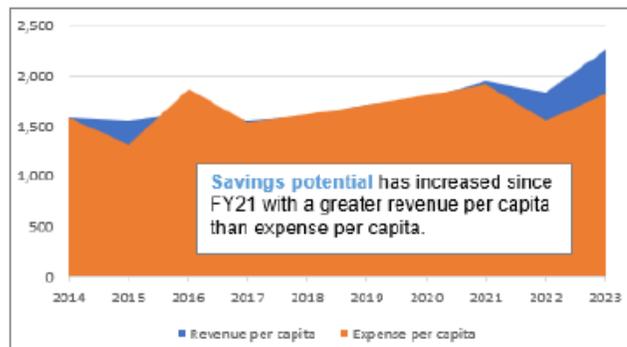


Figure 23 Expenses and revenues per capita (in dollars, adjusted for inflation)

# Long-Term Debt

## Long-Term Debt Structure

The issuance of long-term debt allows a county to acquire major assets and finance large projects such as buildings, bridges, roads, and jails. The increase in the amount of debt to repay, however, limits the county's ability to react to current economic conditions. Individual state agencies may issue debt for specific purposes pursuant to law, but the total amount of debt a county may incur is generally limited by Oregon state law.

### The county's outstanding debt falls into three broad categories

**Full Faith and Credit bonds (FFCB)** – bonds issued to finance major construction projects. The bonds are backed by the full faith and credit of the county, within the limitations of Article XI of the Oregon Constitution, and are to be repaid from existing revenue sources.

**Revenue bonds** – bonds issued to finance major construction projects in business-type activities and to pay for projects with specific revenue sources for repayment.

**General Obligation (GO) bonds** – bonds issued to finance major construction projects in governmental activities. These bonds are general obligations of the county and are also backed by the full faith and credit of the county. Annually, the county will levy to repay these general obligations in addition to other taxes<sup>14</sup>.

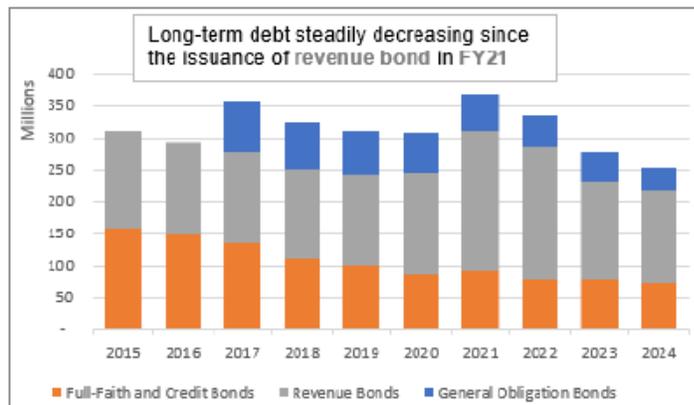


Figure 24 Long-term debt (in millions, adjusted for inflation)

The county's long-term debt had steadily decreased until the GO Bond Series 2016A and 2016B were issued in FY17 for the replacement of the Clackamas 800 Radio Groups' emergency communications system and existing radio coverage expansion. In FY21, Water Environment Services Revenue Obligations Series 2021 were issued in the amount of \$40 million to finance capital projects and fund a debt service reserve for the obligations. (Figure 24).

Independent assessments of the county's debt health are regularly performed by credit agencies prior to a bond issuance. The county's credit rating continued to improve since the FFCB issue in 2012 when the rating was Aa2 by Moody's. Moody's assigned an Aaa rating, its highest, to the Full Faith and Credit and Refunding Obligations, Series 2020. Moody's also maintained Aaa rating on the county's general obligation unlimited tax bonds and the parity Full Faith and Credit obligations, and a Aa2 ratings on the county's Multifamily Housing Revenue Bonds, Series 2013A (Easton Ridge Apartments Project).

<sup>14</sup> Other taxes include ad valorem (general) property taxes, which is a district tax upon all of the taxable property within the County

## Total debt per capita has decreased since FY21

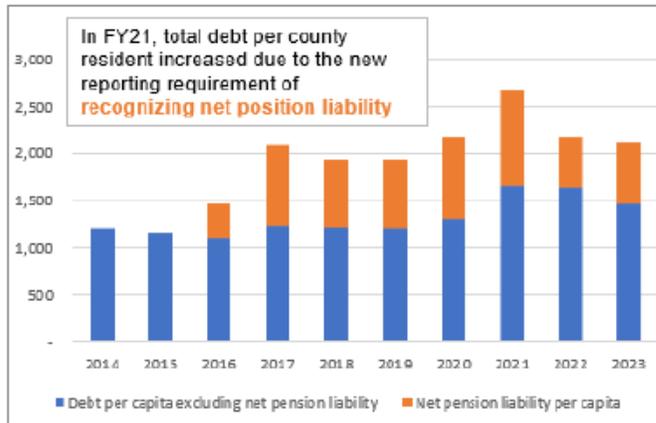


Figure 25 Total debt per county resident (in dollars, adjusted for inflation)

Total debt per capita is the amount of total debt the county has per person living in the county. The amount of debt per county resident fluctuated over the years. With the exception of the increase from FY15 to FY16, most increases were associated with bond issuances. The increase in FY16 was mainly attributed to GASB<sup>15</sup> Statement No. 68 and 71, which required the net pension liability be reported on the Statement of Net Position as a noncurrent liability, increasing liabilities in 2016 by \$111 million. Net pension liability represented 31.6% of total FY23 debt

(Figure 25). These GASB requirements and the *Moro v. State of Oregon* decision also affected pension expense.

## Percentage of spending used for debt below benchmark

The amount of total county spending used for debt principal and interest payments as compared to net operating revenues trended downward through FY23 with an increase in FY24. Each year, total spending on debt was below 10%<sup>16</sup> of net operating revenues, which is considered acceptable and well below a 20%<sup>17</sup> warning threshold (Figure 26).

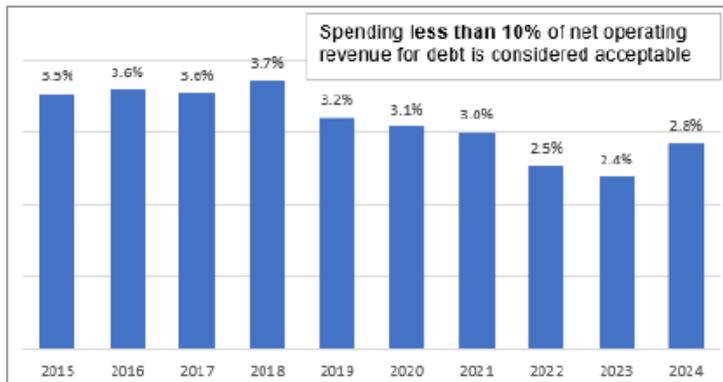


Figure 26 Debt service as a percentage of net operating revenues

<sup>15</sup> Government Accounting Standards Board

<sup>16</sup> Evaluating Financial Condition - A Handbook for Local Government; International City/County Management Association (ICMA), Copyright 2003, Page 83

<sup>17</sup> Per ICMA, debt service on net direct debt exceeding 20 percent of operating revenues is considered a potential problem

# Financial Health

## Governmental Fund Balance

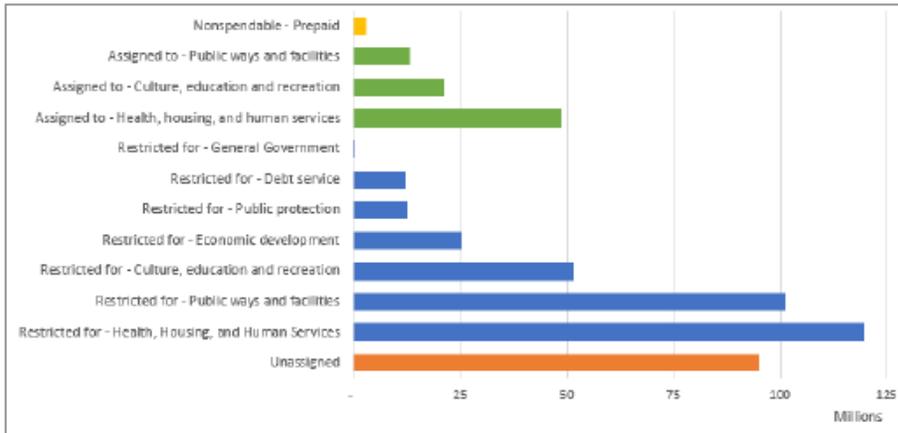


Figure 27 Governmental fund balance in FY24 (in millions)

The county budgets on an annual basis. Accounting standards require governments to report fund balances based upon constraints on the use of the resources reported in the governmental funds (Figure 27). The five fund balance classifications are nonspendable,

restricted, committed, assigned and unassigned. Nonspendable balances are things like inventories. Restricted fund balances identify constraints imposed by state or federal law, the Oregon Constitution, or external parties such as creditors or grantors. Committed balances are constrained through the legislative process. Assigned balances reflect the county’s intent to use the funds for specific purposes. Unassigned balances are amounts not otherwise restricted, committed or assigned.

In FY23, the county entered into an agreement for the construction of a new courthouse<sup>18</sup> using a public-private partnership. The project value is approximately \$313 million, and the county’s share will be paid over 30 years averaging \$15 million annually; payments are expected to start in FY25. Future financial condition analyses will incorporate these future transactions.

### Unrestricted general fund balances had increased

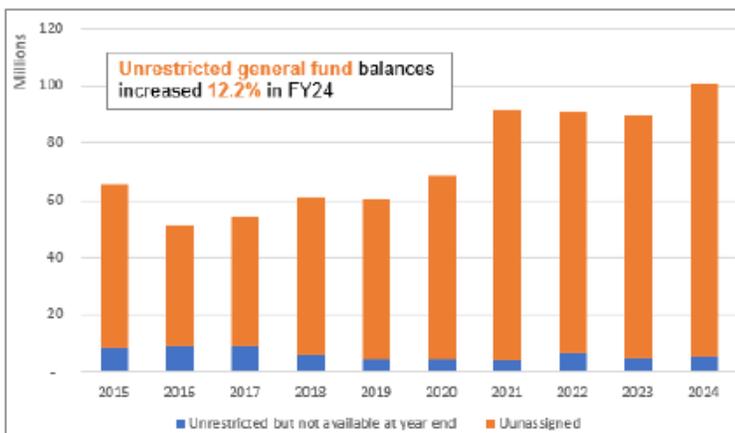


Figure 28 General fund unrestricted balances (in millions, adjusted for inflation)

Unrestricted balances can include unavailable revenue, which are considered unavailable at fiscal-year end and are classified as a receivable due to a delay of when cash is received. Excluded from the balances are items that are considered restricted, assigned, committed, or nonspendable as they are not available for discretionary spending. Since FY15, unrestricted general fund balances have increased by 66.0% (Figure 28).

<sup>18</sup> Clackamas County [Courthouse Project](#)

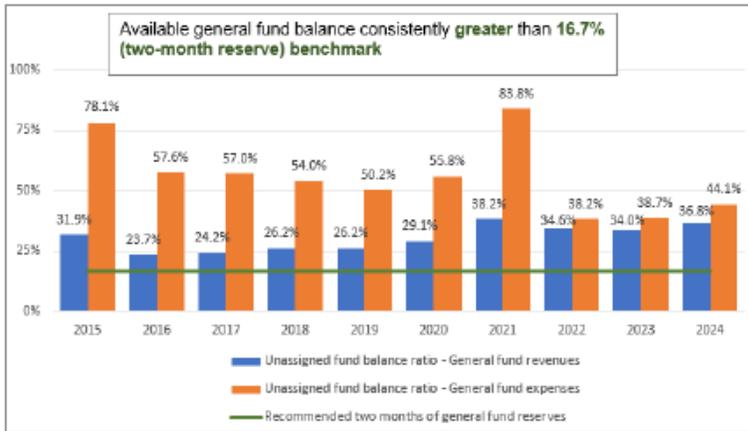


Figure 29 General fund unassigned balances as percentages of general fund revenues and expenses

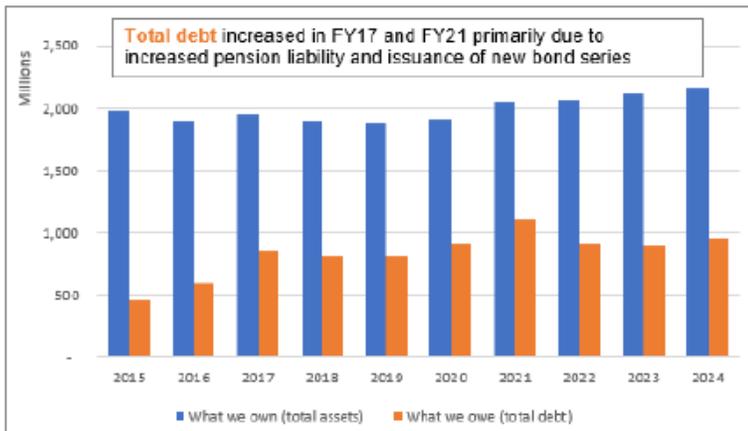


Figure 30 Total assets (net of depreciation) versus total debt (in millions, adjusted for inflation)

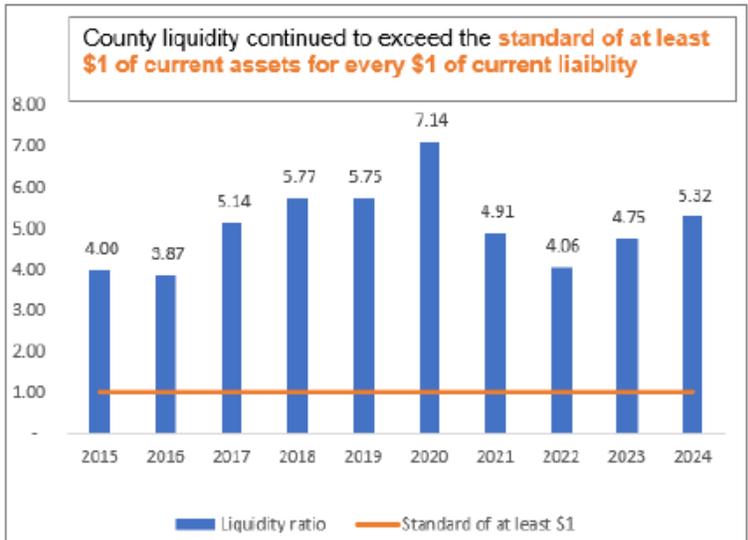


Figure 31 Liquidity ratio

## General fund balance ratio

Fund balance ratios recognize discretionary funds and the county's ability to address one-time funding needs. The Government Finance Officers Association recommends a benchmark of 16.7% (two months) or greater of general fund reserves<sup>19</sup>. The county has consistently met and exceeded this standard for both general fund revenue and general fund expense fund balance ratios for the last ten years (Figure 29).

## What We Own Versus What We Owe

Evaluating the short-term and long-term relationships between what is owned and what is owed is critical (Figure 30). The long-term assets to debt ratio remains relatively stable since FY22.

## Liquidity remained positive

Liquidity is measured by a ratio of current assets to current liabilities. Current assets are those that can be converted into cash or used within 12 months. Current liabilities are bills the county intends to pay within 12 months. A low ratio, below \$1 of assets to \$1 of liabilities is a warning trend. It may indicate a cash flow problem. County liquidity had stayed above the 1:1 recommended ratio for the last ten years (Figure 31).

<sup>19</sup> [Government Finance Officers Association Fund Balance Guidelines for the General Fund](#)

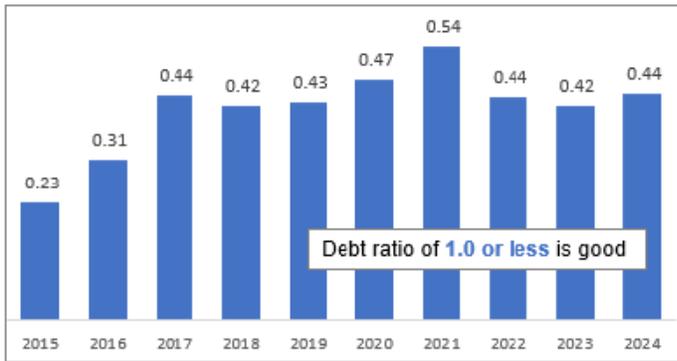


Figure 32 Debt ratio

### Debt ratio remained below warning trend

The debt ratio compares total debt to total assets, measuring the proportion of the county's assets financed through debt. The credit industry considers a debt ratio of 1.0 or less to be acceptable. With an averaged debt ratio of 0.46 between FY17 and FY22, Clackamas County has exceeded the industry standard in the last ten years (Figure 32).

### Capital Assets Are Getting Old

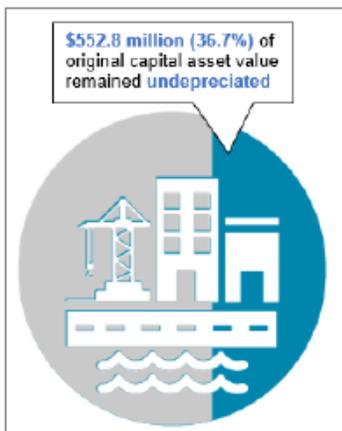


Figure 33 Original value of capital assets (government & business-type activities) being depreciated in FY24: \$1.5 billion

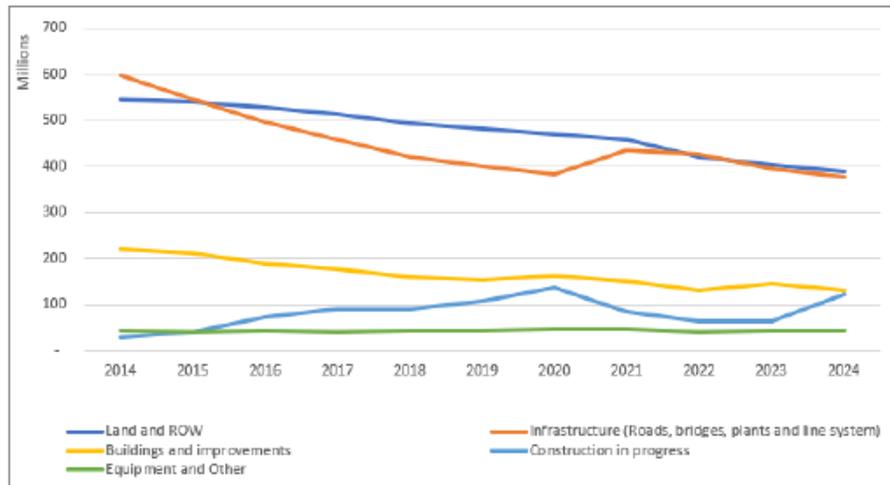
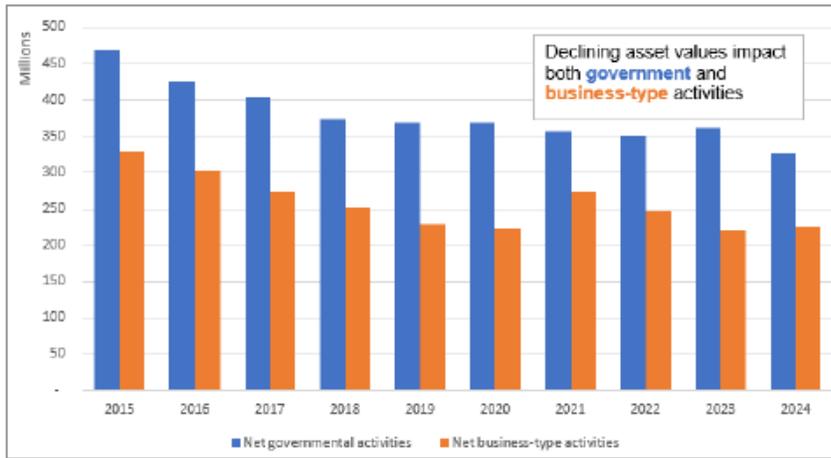


Figure 34 Depreciable capital assets, net of accumulated depreciation, and non-depreciable capital assets (in millions, adjusted for inflation)

The county uses physical infrastructure (capital assets), such as streets and buildings, to provide services. The condition of these assets impacts the quality of services residents receive. Good asset management requires investment in regular, preventive maintenance. This increases the life of the asset and reduces costs. Lack of preventative maintenance risks early asset failure and increased expenditures.

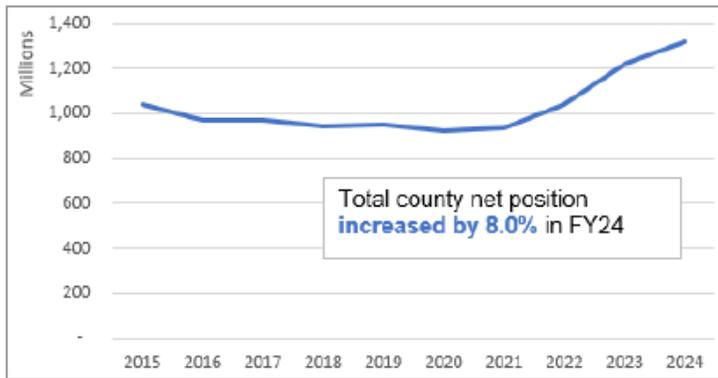
Capital assets include land, buildings, equipment, and infrastructure used for county services. Infrastructure includes roads and bridges. Accounting standards require assets to be reported in financial statements at their original cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciable assets are shown net of accumulated depreciation (Figure 34). Non-depreciable assets include land, right-of-way, and construction in progress. Nearly all asset categories had a steady decline in value. The original cost of the county's capital assets is \$1,506.3 million. Approximately 36.7% remains undepreciated (Figure 33).



Aging county assets put the county at risk for significant replacement or repair costs, or service disruptions for both government and business-type activities (Figure 35).

Figure 35 Depreciable capital assets, net of depreciation by activity, and non-depreciable capital assets (in millions, adjusted for inflation)

## The County's Net Position has been Fluctuating



Net position is the difference between what a government owns and what it owes. A change in net position indicates whether the county's financial position improved or declined based on the decisions and actions from the previous year. Between FY15 and FY21, the county's net position for the primary government was slowly decreasing. Some of the reasons for the decline in net position were outside of the county's control.

Figure 36 Net position (in millions, unadjusted)

For example, part of the decline was because of changes in policy and assumptions for the state retirement system, PERS. Factors that were the county's responsibility include the inability to make repairs faster than the decline of assets, such as streets, buildings, and other infrastructure.

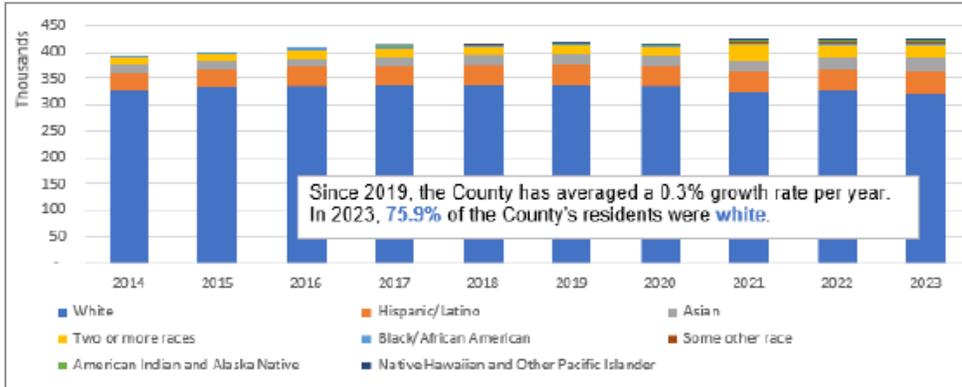
From FY21 to FY24, the county's net position increased by 41.3%, or \$933.6 million to \$1,319.2 million (Figure 36). One reason for this was because total revenues continued to be greater than expenses since FY21, which contributed to the net position slowly increasing after a decline from FY16 through FY20.

# Demographics

## Why are Demographics Important?

Economic and demographic information highlights community needs and resources. Federal and state governments can use some of these indicators as the basis to allocate funding for services.

### Population increased in recent years



The county's population increased from 392,997 in 2014 to 423,173 in 2023, a 7.7% increase<sup>20</sup>. In the last five years, the county's population had averaged 0.3% growth per year.

Figure 37 County population (in thousands)

According to the most recent census data<sup>21</sup>, the top five fastest growing cities<sup>22</sup> in Oregon (by percent, not count) from 2020 to 2023 are: Estacada (32.0%), Wood Village (14.8%), Redmond (14.8%), Cornelius (13.3%), and Happy Valley (12.9%).

In 2023, 75.9% of the county's residents were white (Figure 37)<sup>23</sup>. Majority of the county's population were between the ages of 25 and 64 (Figure 38). From 2014 to 2023, the percent of residents ages 65 and older had increased by 35.6% (Figure 39).

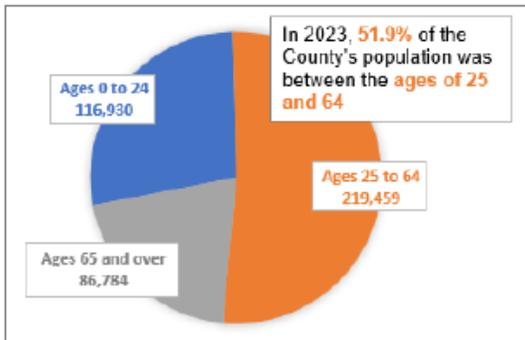


Figure 38 County population by age in 2023

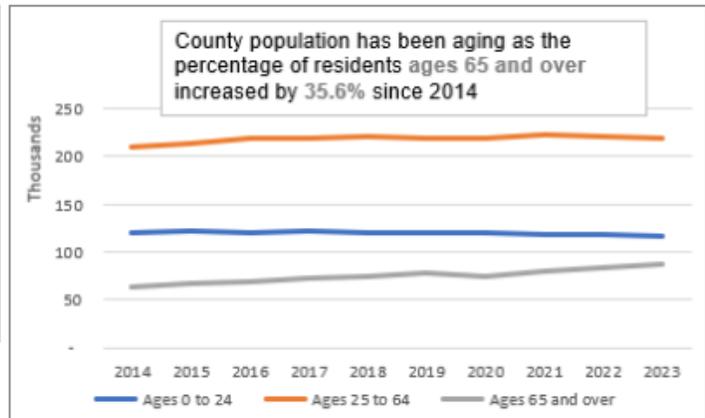


Figure 39 County population by age, 2014 to 2023 (in thousands)

<sup>20</sup> U.S. Census Bureau American Community Survey Demographic and Housing Estimates

<sup>21</sup> Portland State University Population Research Center: [Population Estimate Reports](#), April 2024

<sup>22</sup> Analysis performed only over cities in Oregon with a population over 5,000. 81 cities were included in this analysis

<sup>23</sup> U.S. Census Bureau data for 2020 was based on a 5-year estimate; all other years were based on 1-year estimates

## Poverty remained low in the county

The poverty percentage indicator measures the number of low-income residents who might utilize county human services and health programs. The poverty line is defined as the minimum level of income necessary to achieve an adequate standard of living.

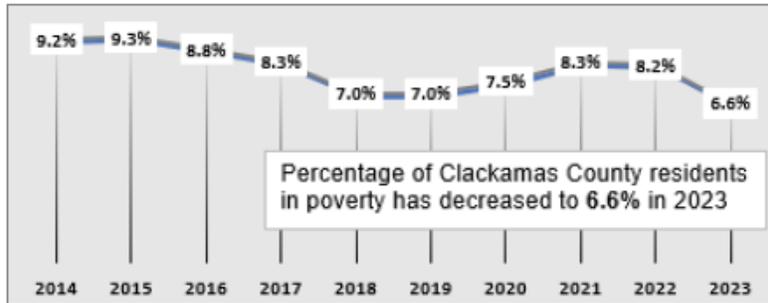


Figure 40 Percentage of county residents experiencing poverty

In 2024, a family of four with two children under two and a gross yearly income of \$31,812 or less would be considered living in poverty<sup>24</sup>. In 2023, Clackamas County had the lowest poverty level in Oregon for families at 4.3% and lowest poverty level by population at 6.6% (Figure 40).

The percentage of residents in poverty for the age category 65 and older remained relatively stable, averaging 7.5% in the last five years. The percentage of residents in poverty for the age category zero to 17 had decreased from 9.9% in 2022 to 5.7% in 2023 (Figure 41).

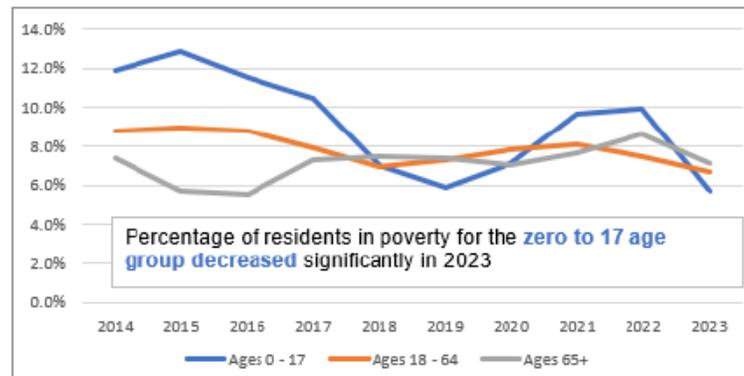


Figure 41 Percentage of county residents experiencing poverty, by age

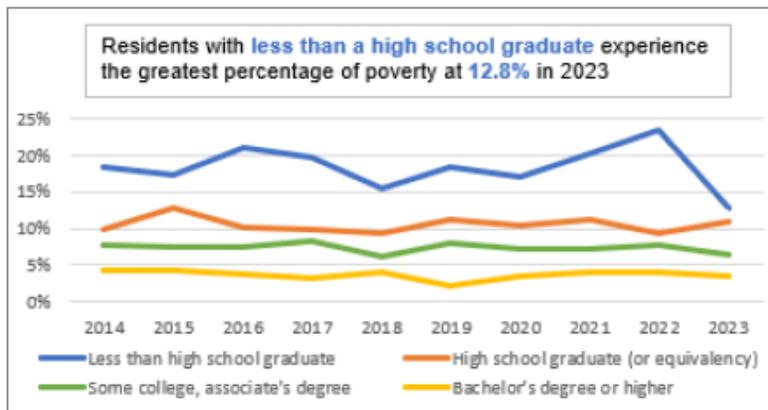


Figure 42 Percentage of county residents experiencing poverty by education level

The percentage of county residents in poverty by education level remained relatively consistent over the last ten years with the exception to residents with less than a high school graduate with a rate dropping from 23.4% in 2022 to 12.8% in 2023 (Figure 42).

<sup>24</sup> U.S. Census Bureau [Poverty Thresholds](#), 2024

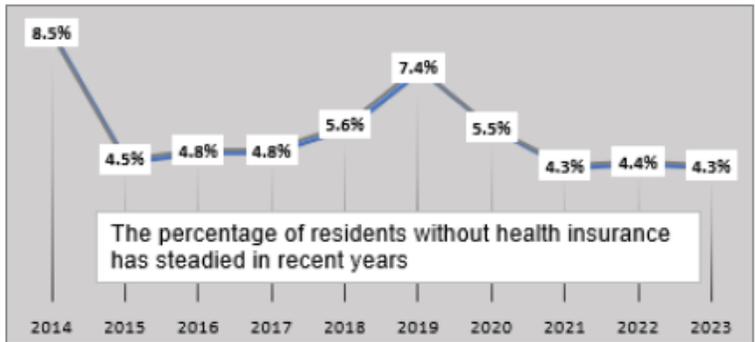


Figure 43 Percentage of county residents without health insurance

### The percentage of residents without health insurance has steadied beginning 2021

The county provides low-cost healthcare to underserved, low-income and uninsured residents of Clackamas County. The percentage of uninsured county residents continued to trend downwards (Figure 43).

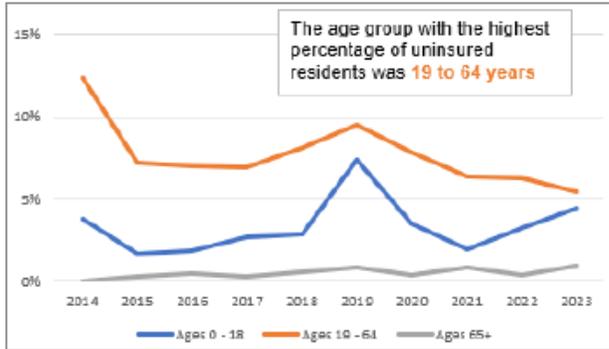


Figure 44 Percentage of residents without health insurance, by age

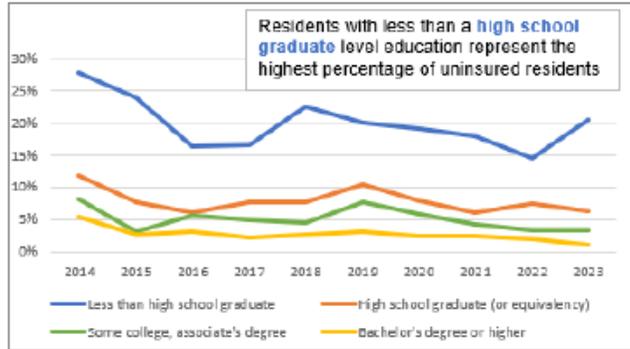


Figure 45 Percentage of residents without health insurance, by education level

Residents between the ages of 19 and 64 represent the age group with the highest percentage of uninsured residents, followed by children under the age of 18 (Figure 44)<sup>25</sup>. The percentages of both residents under the age of 18 and above the age of 65 have increased in the last two years.

County residents with less than a high school graduate education represent the highest percentage of uninsured residents with an increase from 14.6% in 2022 to 20.4% in 2023 (Figure 45). All other categories had a general trend of a percentage of residents without insurance.

<sup>25</sup> The US Census Bureau changed the age groups categories in 2017. Age groups changed from 0-17 to 0-18, and 18-64 to 19-64. Figure 44 represents the updated categories.

# Economy

## Unemployment rates declined after peaking in 2020

According to the Oregon Office of Economic Analysis<sup>26</sup>, the outlook on the state’s economy appears to have lost momentum relative to the nation. At the start of 2024, economic growth decelerated more sharply at the state level resulting from weak population growth and other microeconomic factors. In some areas, the county is doing relatively better compared to the state or nation such as the unemployment rates and per capita income.

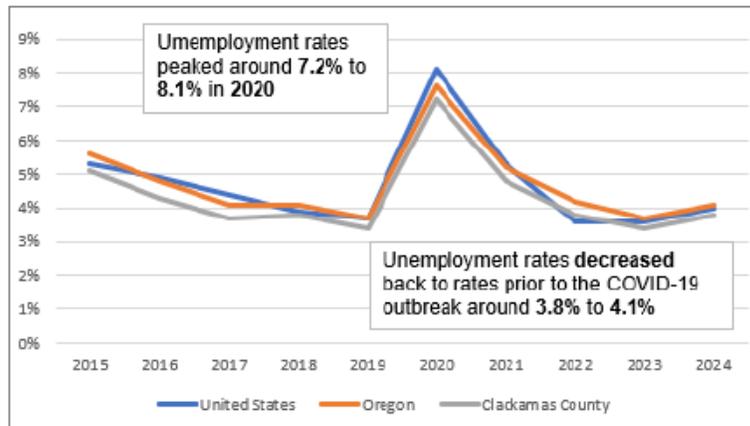


Figure 46 Unemployment rate (seasonally adjusted, calendar year ended December 31)

The unemployment rate measures those who are without employment and are actively seeking employment. The county’s unemployment rate has been on a decline since a spike in 2020, which corresponded to the outbreak of COVID-19. County unemployment rates have gone down from 7.2% in 2020 to 3.8% in 2024 (Figure 46), which is slightly below the Oregon rate of 4.1% and below the United States rate of 4.0%.

As of December 2024, Wheeler and Hood River counties have the lowest rates in Oregon at 3.1% and 3.3%, respectively. Grant County, Grants Pass County, and Josephine County have the highest rates of 6.1%, 5.6%, and 5.6%, respectively.<sup>27</sup>

## Per capita income continued to steadily grow

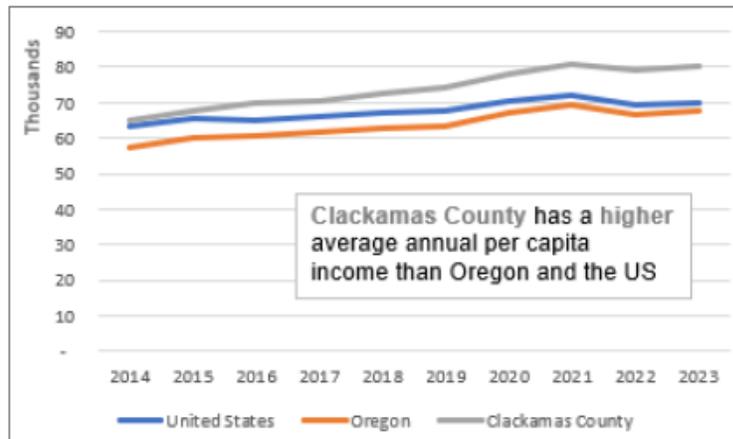


Figure 47 Average annual per capita income (in thousands, adjusted for inflation)

Per capita income is considered a major indicator of economic health. Per capita income measures the average income earned per person in the county. From 2014 to 2023, the average annual per capita income in Clackamas County increased by 23.8%. Per capita income in the county was higher than Oregon and the US (Figure 47).

<sup>26</sup> Oregon Department of Administrative Services, Office of Economic Analysis, [Economic and Revenue Forecasts](#) (March 2025)

<sup>27</sup> Oregon Employment Department, Local Area Unemployment tool, [Qualityinfo.org](#)

## The number of businesses in Clackamas County continued to grow

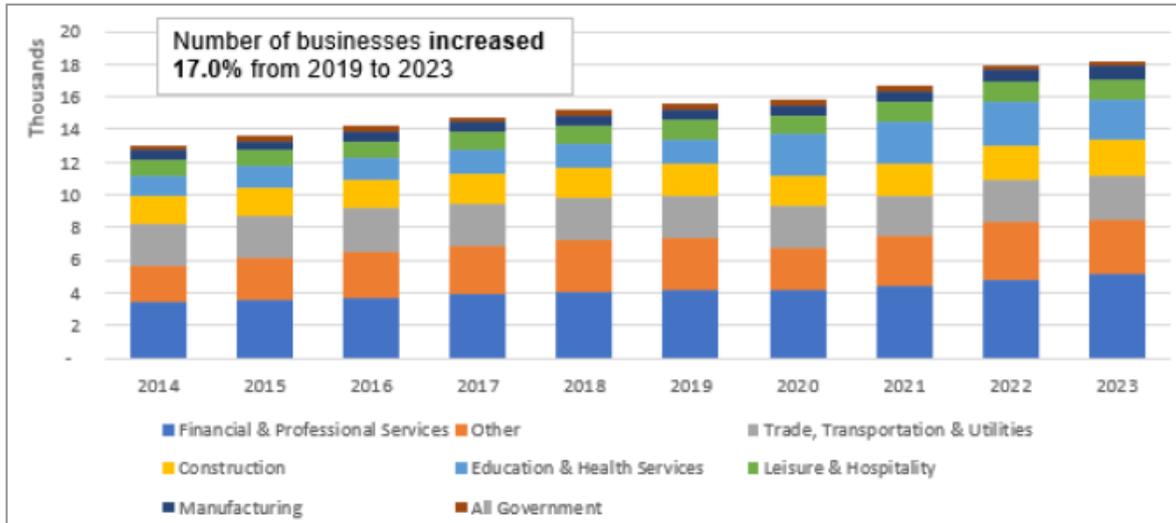


Figure 48 Businesses in Clackamas County by industry

Another indicator of economic health related to the county's revenue base is the number of businesses within the county. In line with the county's population (Figure 37), the number of businesses has continued to grow. In 2023, the county had a reported 18,199 businesses, a 1.4% increase from 2022 (Figure 48).

## Number of jobs provided by employers in Clackamas County increased

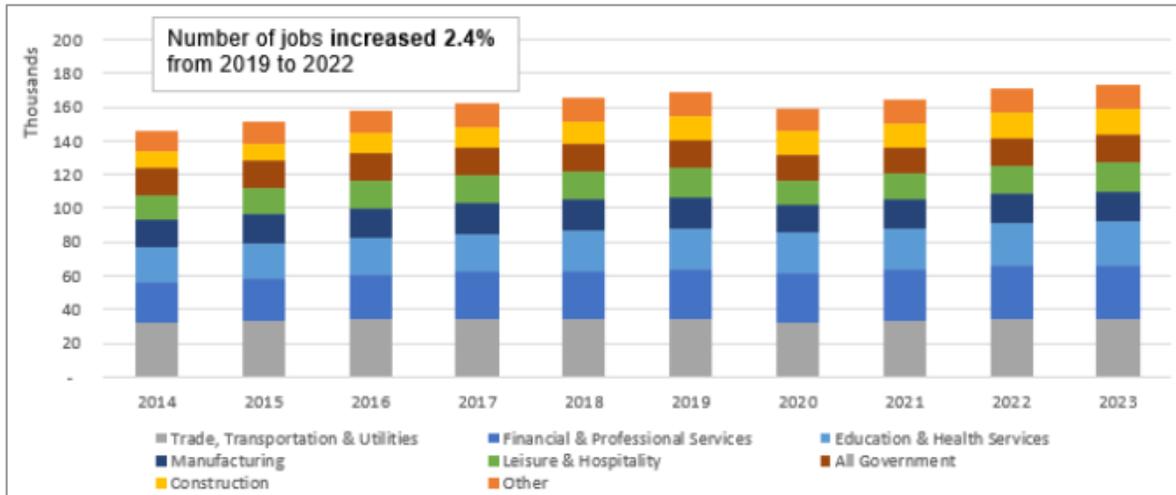


Figure 49 Number of jobs provided by employers in Clackamas County, by industry

The number of jobs (including full-time, part-time, and temporary positions) provided by employers in the county is also an indicator of economic health. From the calendar year 2019 to 2020, the number of jobs decreased with the loss of nearly 10,500 jobs due to the economic downturn. However, the indicator also reflected recent improvements with the addition of about 14,200 jobs from the calendar year 2020 to 2023 (Figure 49).

## The gap widened between real market value and assessed value

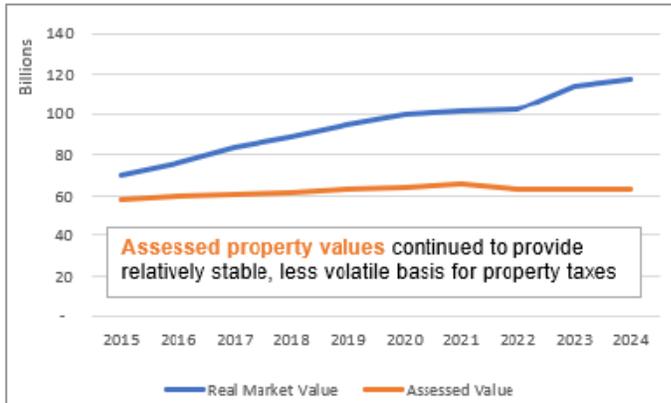


Figure 50 Real market value versus assessed value (in billions, adjusted for inflation)

Real market value serves as one of many indicators of economic health and will experience volatility with the market. Total assessed property values, which are the basis for property taxes, will not experience the same level of volatility as the real market values due to limitations established by several Oregon tax measures<sup>28</sup> (e.g., limits on property tax increases). From FY15 to FY24, assessed values increased by 9.5% and real market values increased by 67.6% (Figure 50).

## New construction continued to fluctuate in the last few years

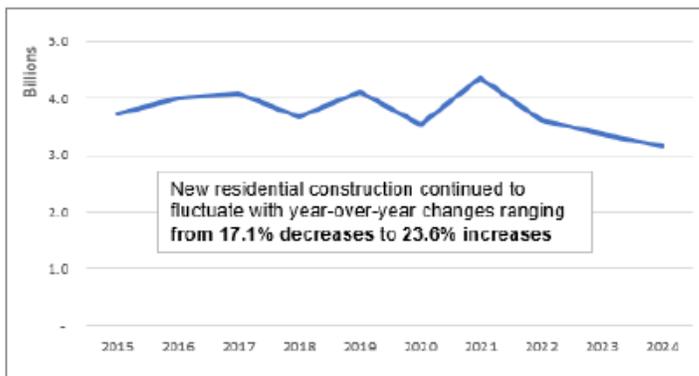


Figure 51 New residential construction in the PMSA (in billions, adjusted for inflation)

New construction figures are based on Primary Metropolitan Statistical Area (PMSA)<sup>29</sup> building permits. The value of new residential construction has fluctuated since the calendar year 2017 with 2024 being the lowest during the last ten years. The value of new construction units at the highest point was \$4.4 billion in 2021 and at the lowest point was \$3.2 billion in 2024<sup>30</sup> (Figure 51).

<sup>28</sup> Measure 5 (1990), Measure 47 (1996) and Measure 50 (1997)

<sup>29</sup> PMSA counties, as [Metro](#): Clackamas, Columbia, Multnomah, Washington, Yamhill (Oregon); Clark and Skamania (Washington)

<sup>30</sup> Adjusted for inflation

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# Objectives, Scope, and Methodology

In accordance with the Clackamas County FY24-25 audit plan, County Internal Audit evaluated the financial condition of Clackamas County as of June 30, 2024. The financial condition of the county's component units or service districts were *not* included in this evaluation.

This evaluation was designed to provide an update to the 2024 financial condition report issued by the Office of County Internal Audit and to support the county's strategic decision-making abilities through enhanced financial trend analysis. General objectives for the 2024 Financial Condition Assurance Engagement were to:

- Independently evaluate the current financial condition of Clackamas County.
- Provide continuity through an update of the prior financial condition report.
- Create transparency for the county.

To achieve engagement objectives, the Office of County Internal Audit, among other potential engagement activities:

- Used the financial trend monitoring system developed by the International City/County Management Association (ICMA) and documented in its publication, *Evaluating Financial Condition: A Handbook for Local Government*.
- Reviewed financial indicators suggested by the Government Accounting Standards Board (GASB).
- Analyzed results against identified criteria.

The data analysis in the report generally covers a ten-year period from fiscal year 2015 through 2024. Unless otherwise indicated, data is presented on a fiscal year basis (e.g., fiscal year 2024 represents July 1, 2023, through June 30, 2024). Financial data is expressed in constant dollars to account for inflation by adjusting dollar amounts from each prior year to equal the purchasing power of money in 2024. Chart titles indicate if amounts have been adjusted for inflation.

Information was reviewed for reasonableness and consistency. Data that was not reasonable or needed additional explanation was questioned and researched. The accuracy of the source documents or the reliability of the data in computer-based systems was not audited. The review of data was not intended to give absolute assurance that all information is free from error. Rather, the intent was to provide reasonable assurance that the reported information presented a fair picture of the county's financial condition. As nearly all the financial information presented was from the county's Annual Comprehensive Financial Reports, reliance was placed on the work performed by the county's external financial auditors. Unmodified (clean) opinions were given on all reviewed Annual Comprehensive Financial Reports. While the report offers financial highlights, it does not thoroughly determine the reasons for negative or positive performance. More analysis may be needed to provide such explanations.

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# About the Office of County Internal Audit

**Our Mission** – Provide county leadership objective assurance, advice and insight to optimize county efforts and achievements.

**Our Vision** – The public:

- engages with an accountable, high performing, and transparent local government
- is confident that its interests are protected

**Our Strategic Objectives** – The Office supports Clackamas County by:

- focusing on risks to county achievement
- promoting continuous improvement
- enhancing accountability and transparency
- fostering county SPIRIT
- building public trust

**Our Professional Standards** – The Office of County Internal Audit governs itself by adhering to The Institute of Internal Auditors' mandatory guidance, including the:

- Definition of internal auditing
- Code of Ethics
- *International Standards for the Professional Practice of Internal Auditing*<sup>31</sup>

The engagement was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

**Our Independence** – The County Internal Auditor reports functionally to the Internal Audit Oversight Committee and administratively to the elected County Treasurer. This authority ensures the Office is free of undue influence.

**Our Team** –

Jodi Cochran, CPA, CIA, CGMA, CRMA, County Internal Auditor  
Kathy Yeung, CPA, CIA, Senior Internal Auditor

**Contact Us** –

Office of County Internal Audit  
2051 Kaen Road #460  
Oregon City, OR 97045  
Office: 503-742-5983  
[ocia@clackamas.us](mailto:ocia@clackamas.us)

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<sup>31</sup> <https://na.theiia.org/standards-guidance/mandatory-guidance/pages/standards.aspx>

Clackamas County  
Internal Audit Oversight Committee  
Meeting Materials  
Wednesday, April 9, 2025

Item #6  
2024 Audit Recommendation Monitoring  
– Status Presentation



# County Internal Audit Recommendation Monitoring 12/2024

Office of County Internal Audit

# Introduction

Audit recommendations draw attention to conditions of potential risk to the county. These risks may be barriers to the county's ability to achieve its strategic priorities. Supporting the county's enterprise risk management process, the Office of County Internal Audit monitors the status of outstanding audit recommendations, and the progress management is making toward its intended resolutions.

## Opportunities are being identified – and changes are being implemented

Of the...

**120**

audit recommendations made, drawing attention to potential risks and offering ways to avoid them, ...

...an impressive

**95%**

have resulted in improved controls, processes and county services...

...within

**24**

months or less of initial implementation effort by county teams.

**Departments are engaged – and impacting county structures and services**

**20**

audit reports and management letters have been published ...

...highlighting  
**18**

different county offices, departments and programs...

...with  
**3**

county teams actively engaging in value-add recommendation efforts.



## Teams have seen value – and are focused on continuous improvement

### County Counsel

#### Civil Rights

- ✓ Updating Title VI Plan
- ✓ Implementing Plan elements
- ✓ Sustaining and monitoring the Plan

### Information Technology

#### Cybersecurity

- ✓ Increasing capabilities and capacity
- ✓ Developing strategies, policies and procedures

### Human Resources

#### Complaints

- ✓ Reviewing and enhancing personnel rules and updating County Code

# Summary

The Office of County Internal Audit supports the county's efforts toward good government. Audit reports support county transparency. Audit recommendations and status monitoring support county accountability.



Thank you

Office of County Internal Audit



Clackamas County  
Internal Audit Oversight Committee  
Meeting Materials  
Wednesday, April 9, 2025

Item #7  
Risk Assessment & Audit Planning  
– Preview Presentation



# Clackamas County Risk Assessment – 2024 Preview

Facilitated by the Office of County Internal Audit



## You and the county's risk assessment

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A risk assessment is the consideration of the probable material effects of uncertain events. It is the identification, measurement, and prioritization of risks.

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- Today – Risk assessment 101: Why, How and What
- April/May – 1:1 Committee member interviews focused on perceived county risks
- June 11 – Review of draft results and informed development of FY26 Audit Plan
- June 25 – Allocation of Office of County Internal Audit resources through approval of FY26 Audit Plan



## Why conduct a risk assessment?

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Professional **standards** require us to establish a systematic, risk-based approach to determine the priorities for internal audit activities.

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- Identify, analyze and evaluate potential risks to the county's ability to achieve its objectives
- Provide insight to county leadership and inform its decision-making processes
- Enhance the county's risk culture and support a countywide approach to resource allocation
- Support the allocation of the Office of County Internal Audit limited resources



## How do we assess risk?

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A risk is the **potential** of an event happening that could impact the county's ability to achieve its objectives.

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- Establish a methodology
- Identify auditable units
- Define criteria
- Calculate risk score
- Sort results



## What are the criteria?

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Success is dependent on broad engagement with the risk assessment process and strategic consideration of the results – from top **leadership** and throughout all county employee **teams**

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- **Survey** – Input from key stakeholders via interviews; # risk claims, # Good Government Hotline reports, # personnel complaints, results of litigation
- **Complexity** – Evaluation of the complexity of processes overseen by the unit; 6 evaluation areas scored
- **Financial Impact** – Calculation of the value of expenditure and revenue transactions
- **Audit Frequency** – Recognition of past internal audits and lapse of time between audits
- **Strategic Impact** – Recognition of formal participation in Board of Commissioners' Strategic Initiative implementation processes



## What does the score mean?

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A high-risk score does not mean an auditable unit is being managed ineffectively or internal controls are inadequate.

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- ▶ A general indication that if something were to go wrong it could have a significant impact
- ▶ An indication that the services or functions a unit is responsible for are, by nature, high priority activities with high-risk potential because of factors as:
  - ▶ having a large amount of revenue or expenditure;
  - ▶ having a high level of sensitive assets, such as cash, election ballots, protected or secured data;
  - ▶ management's assessment of the control environment; or
  - ▶ a high degree of public interest.



## What happens after?

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Success is dependent on broad engagement with the risk assessment process and strategic consideration of the results – from top **leadership** and throughout all county employee **teams**

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- The identified potential risks are presented to county leadership and management teams
- The county's strategic decision-making processes are informed by additional data points
- An enhanced county risk culture continues to support transparent countywide resource allocation
- The Office of County Internal Audit's limited resources are allocated through the committee-approved Audit Plan



## Now & next steps

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**Wednesday, June 11**

**2:00 PM**

The Oversight Committee reviews the draft results and risk scores

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- The Office will conduct interviews, gather information and process data (April / May)
- The Committee meets June 11 to review the draft results and inform the development of the FY26 Audit Plan
- The Committee holds a special meeting, June 25, to allocate the Office of County Internal Audit's limited resources through Committee approval of the FY26 Audit Plan

Clackamas County  
Internal Audit Oversight Committee  
Meeting Materials  
Wednesday, April 9, 2025

Item #8  
FY24-25 Audit Plan – 04.09.2025 Status



## FY24-25 Audit Plan

Assurance & Advisory Engagements – Status update

April 9, 2025

<input checked="" type="checkbox"/>	Complete
<input type="checkbox"/>	In Progress
<input type="checkbox"/>	Planned – Not yet started

Engagements	Status	Notes
Clackamas County Clerk – Elections Audit: Status Update	Complete	Report released September 25, 2024. Results presented jointly with Clerk McMullen to Internal Audit Oversight Committee on October 9, 2024. All four recommendations assessed as implemented. No further action needed.
Financial Condition Analysis	Complete	Report released April 1, 2025. Results presented to Internal Audit Oversight Committee on April 9, 2025. No recommendations made. No further action needed.
Annual Audit Recommendation Monitoring	Complete	Monitoring activity and surveys conducted in December 2024. All responses received and analyzed in January 2025. Eight of the 14 outstanding recommendations - resolved. Implementation efforts continuing for six remaining. No new recommendations in 2024. Results presented to Internal Audit Oversight Committee on April 9, 2025.
Quality Assurance Review – Self-assessment with Independent Validation	Complete	External Quality Assessment team issued Validation Statement March 31, 2025, concluding the Office of County Internal Audit “Generally Conforms” to the Institute of Internal Auditors’ Standards, the highest rating. This is an administrative activity included in the quarterly update due to significant time allocation (equivalent to an audit assurance or advisory engagement) and its impact on the FY25 Audit Plan.
Finance – Asset Management	In Progress	Engagement letter issued January 11, 2024. Fieldwork and testing substantially complete. Report development in progress. Engagement work paused to accommodate Financial Condition Analysis and External Quality Assessment engagements. Target report date May 2025.
Courthouse Capital Construction Project	In Progress	Engagement letter issued January 10, 2024. Fieldwork and analysis are nearing completion. Report development in progress. Resource allocation to this engagement has been paused multiple times due to multiple Good Government Hotline investigations and advisory and administrative activities. Target draft report date May 2025.
Clackamas County Sheriff’s Office – Jail Operations	In Progress	Planning and survey work in progress. Target engagement letter date June 2025. Target report draft date November/December 2025.
Annual Risk Assessment	In Progress	Data collection and analysis scheduled for April/May 2025. Results to be presented to the Internal Audit Oversight Committee on June 11, 2025.
Juvenile Department – Youth Services	Planned	Anticipated timeframe – Begin in June 2025

Clackamas County  
Internal Audit Oversight Committee  
Meeting Materials  
Wednesday, April 9, 2025

Item #9  
Quality Assurance and Improvement Program –  
04.09.2025 Status



## Quality Assurance and Improvement Program

Status update  
April 09, 2025

QAIP Goals & Activity	Status	Notes
County Code	Complete	County Ordinance #05-2020 - September 23, 2020
IAOC Handbook*	Complete	Oversight Committee onboarding tool; updated March 2025
OCIA Webpage – Public internet	Complete	Maintenance ongoing; Good Government Hotline updates
Post-engagement customer survey*	Complete	Post-engagement survey process fully implemented and incorporated into ongoing activity.
IAOC Composition	Complete	Composition includes community membership – New members (Board Chair and Vice-chair) assigned January 2025.
OCIA Classification Series and Resources*	Complete	Two FTE; Development of County Internal Audit professional classification series completed December 2022; Preliminary alignment with industry standards and Oregon market. Continued monitoring and review of adequate governance.
OCIA Charter	Complete	Next annual review – Target October 2025
IAOC Charter	Complete	Next annual review – Target October 2025
Hotline governance	Complete	Annual summary reports published; Governance and control processes being reviewed and revised to reflect new structure adopted in 2021.
External Quality Assessment Review - Peer review*	<b>COMPLETE</b>	An External Quality Assessment Team, facilitated by the Oregon State Chief Audit Executive Council and the Oregon Department of Administrative Services, issued a Validation Statement March 31, 2025, concluding the Office of County Internal Audit “Generally Conforms,” with IIA Standards - the highest rating.
OCIA Policy and procedure manual*	In progress	Continued development and refinement; substantial enhancements made in preparing for peer review.
OCIA Webpage – Intranet	Not yet started	

\*QAIP goal & activity included in Performance Clackamas – Strategic Business Plan

Standard	Summary of Requirement	
IPPF 1000.C1	The Office of County Internal Audit charter is reviewed with the IAOC to ensure its adequacy and compliance with <i>Standards</i> .	
IPPF 1010	The CAE discusses with the IAOC the Definition of Internal Auditing, the Code of Ethics, and the Standards – as documented within the Office of County Internal Audit charter.	
IPPF 1010	The CAE discusses with senior management the Definition of Internal Auditing, the Code of Ethics, and the Standards – as documented within the Office of County Internal Audit charter.	
IPPF 1110	The CAE confirms to the IAOC annually the organizational independence of the Office of County Internal Audit.	FY24-25
IPPF 1111	The CAE communicates and interacts directly with the Board – providing annual activity updates.	
IPPF 1130.A1&A2	The CAE confirms to the IAOC annually the objectivity of the Office of County Internal Audit staff.	
IPPF1300	The CAE discusses the results of the Quality Assurance and Improvement Program, including ongoing monitoring of individual engagements, self-assessment results and recommendations, and external peer reviews.	FY24-25
IPPF 2200 through IPPF 2450	The CAE discusses with the IAOC the results of individual engagement quality assurance reviews when presenting engagement results.	
IPPF 1312	The CAE discusses with the IAOC the form (full or validation) and frequency of external assessments, including the independence and qualifications of the external reviewer.	FY24-25
IPPF 1320	The CAE communicates the results of the external assessment to the IAOC and the status of recommendations.	FY24-25
IPPF 1320	The CAE communicates the results of the external assessment to senior management.	FY24-25
IPPF 1321 & IPPF 1322	The CAE addresses with the IAOC the Office of County Internal Audit's use of statements of <i>Standard</i> conformity or nonconformity in engagement communications.	FY24-25
IPPF 2040	The CAE confirms to the IAOC the adequacy of the Office of County Internal Audit policies and procedures, including the IAOC Member Handbook.	
IPPF 2050	The CAE reviews coordination of combined assurance functions within the county.	
IPPF 2500	The CAE monitors the status of all management recommendations (internal and external) and communicates the results to the IAOC to ensure that management actions have been effectively implemented or that senior management has accepted the risk of not acting.	FY24-25
IPPF 2600	The CAE communicates to the IAOC all circumstances in which the CAE has determined that senior management has accepted a level of risk that may be unacceptable to the county organization.	FY24-25
IPPF 2010.A1 IPPF 2010. C1	The CAE performs and documents an annual countywide risk assessment, incorporating input from the IAOC, Board, and senior management.	
IPPF 1210 & IPPF1230	The CAE demonstrates to the IAOC how the Office of Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to perform its responsibilities. CAE annually confirms compliance with all continuing professional education requirements.	FY24-25
IPPF 1210.A2	The CAE addresses with the IAOC the sufficiency of fraud detection and investigation resources within the Office of County Internal Audit.	FY24-25
IPPF 1210.A3	The CAE addresses with the IAOC the sufficiency of information technology auditing resources within the Office of County Internal Audit.	FY24-25
IPPF 2000 & IPPF 2010	The CAE prepares and presents to the IAOC and senior management an audit plan which adds value to the county organization and represents a risk-based prioritization of Office of County Internal Audit resources.	
IPPF 2020	The IAOC reviews and approves the audit plan, considering resources limitations as communicated by the CAE.	
IPPF 2100 through IPPF 2130.C1	The CAE formally assesses and contributes to the improvement of county governance, risk management, and control processes.	FY24-25

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