



Department of Finance

Public Services Building
2051 Kaen Road, Suite 490 | Oregon City, OR 97045

Board of County Commissioners
Clackamas County

Members of the Board:

A Resolution Acknowledging Financial Statement Findings for Fiscal Year 2021 and Describing
Corrective Action in Accordance with ORS 297.466

Purpose/ Outcomes	Acknowledgement of financial statement findings for fiscal year 2021 and description of the corrective action that will be implemented.
Dollar Amount and Fiscal Impact	The dollar amount of each over expenditure is reported in the Annual Comprehensive Financial Report (ACFR) as part of the Notes to the Basic Financial Statements.
Funding Source	N/A
Duration	Expenditures are reported on annually. Corrective action to be implemented will be permanent.
Strategic Plan Alignment	This item will address and correct an audit issue regarding the Service District No. 5 annual financial audit reporting leading to increased financial transparency.
Previous Board Action	N/A
County Counsel Review	This Service Level Agreement has been reviewed and approved by County Counsel on 12-6-2021.
Procurement Review	No, this does not involve Procurement as it is an audit item.
Contact Person	Christa Bosserman Wolfe, Deputy Finance Director, 503-742-5407

BACKGROUND:

As part of the annual audit each year, the County's external audit firm reports on compliance with various Oregon statues. One of these requirements is to report upon any internal controls over financial reporting that identified any material weakness in the financial statements. Detail of this can be found in the ACFR as part of the Schedule of Findings and Reponses.

ORS 297.466 requires that the governing body of the Clackamas County adopt a resolution acknowledging the Financial Statement Findings and describing the corrective actions implemented. Corrective action is commencing now and will continue into the future.

This Resolution has been reviewed and approved by County Counsel.

RECOMMENDATION:

Staff respectfully recommends the Board approve this resolution acknowledging the Financial Statement Findings for fiscal year 2021 and describing corrective action in accordance with ORS 297.466.

Respectfully submitted,

Elizabeth Comfort

Elizabeth Comfort
Finance Director



Staff Report Audit Finding Correction SD5 FY21

Final Audit Report

2021-12-07

Created:	2021-12-07
By:	Jennifer Johnson (JJohnson@clackamas.us)
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"Staff Report Audit Finding Correction SD5 FY21" History

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**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

In the Matter of a Resolution Acknowledging
Financial Statement Findings for Fiscal Year
2021 and Describing Corrective Action in
Accordance with ORS 297.466

RESOLUTION NO.
Page 1 of 1

Whereas, the Clackamas County Service District No. 5 Annual Comprehensive Financial Report (“ACFR”) for the fiscal year ending June 30, 2021, contained a Financial Statement Finding 2021-001 (the “Financial Statement Finding”), as defined therein, that noted a “significant deficiency”; and

Whereas, the ACFR defines a significant deficiency as “a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance”; and

Whereas, ORS 297.466(2) requires the governing body of Clackamas County Service District No. 5 to determine measures considered necessary for corrective action and a period of time estimated to complete them; and

Whereas, ORS 297.466(3) requires Clackamas County Service District No. 5 to submit an adopted resolution of corrective measures to the Secretary of State’s Office within 30 days from the submission of the ACFR to the Secretary of State; and

NOW THEREFORE, the Clackamas County Board of Commissioners do hereby resolve as follows:

In order to ensure current and future improvements in internal controls, Clackamas County Service District No. 5 will implement the recommended procedures outlined in the ACFR, the relevant portion of which is attached hereto Exhibit A and incorporated by this reference herein, by June 30, 2022.

Dated this 16th day of December, 2021.

BOARD OF COUNTY COMMISSIONERS

Chair

Recording Secretary

CLACKAMAS COUNTY SERVICE DISTRICT NO. 5
(A Component Unit of Clackamas County, Oregon)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2021

FINDING 2021-001—Completeness of Accounts Payable

Criteria – Accounts payable should represent a complete presentation of authorized current obligations that arise from the purchase of goods or services including those received but not billed.

Condition – The District received an invoice from a vendor in July 2021, 63% of which was for services the District received in June 2021. The District did not properly accrue the services received in accounts payable as of June 30, 2021.

Context – The District has one significant vendor, which generally invoices the District once per month.

Effect – The District’s financial statements as of June 30, 2021 understated accounts payable and expense by \$95,954.

Cause – District staff marked the vendor invoice to be paid with FY22 budget dollars, and Accounts Payable staff did not identify that 63% of the current invoiced charges were for FY21 services, requiring accrual as of June 30, 2021.

Recommendation – We recommend the County provide District staff education and training over prorating invoices near fiscal year-end.

Response – The County has reviewed with staff the process of splitting invoices at year-end by prorating the cost based on the number of service days. District staff have noted this in their procedures for next year. County Finance has also added a procedure of reviewing PGE invoices for this accrual before closing the books.