



**OFFICE OF THE COUNTY ADMINISTRATOR
PUBLIC SERVICES BUILDING**

2051 KAEN ROAD | OREGON CITY, OR 97045

TO: Jodi Cochran, County Internal Auditor

FROM: Gary Schmidt, District Administrator, North Clackamas Parks and Recreation District

RE: County Internal Audit consulting engagement: North Clackamas Parks and Recreation District Governance – Management Response

Date: August 1, 2022

Thank you for your detailed report regarding the County Internal Audit consulting engagement: for the North Clackamas Parks and Recreation District Governance, dated June 30, 2022. I asked you to conduct this review. Your observations are helpful and each recommendation will be addressed.

Attached is the Management Response to the engagement. Please note that the Management Response is provided in the added third column of the original report.

Thank you.

Attachment

Cc: North Clackamas Parks and Recreation District Board of Directors

Clackamas County
Office of County Internal Audit
NCPRD Governance, Consulting Project #2022-02
Recommendations for Corrective Action and Continuous Improvement

	Recommendation	Observation	Management Response
Corrective Action			
1	<p>Ensure only employees with delegated signing authority execute North Clackamas Parks and Recreation District contracts and amendments.</p> <p>If further delegation of the North Clackamas Parks and Recreation District signing authority to the District Director is desired, the Local Contract Review Board Rules should be revised by the Board of County Commissioners to address the North Clackamas Parks and Recreation District signing authority, or additional express written authority should be obtained from the Board of County Commissioners and the North Clackamas Parks and Recreation District Board of Directors.</p>	<p>On three separate occasions during the review period of 1/1/2017 to 5/17/2022, the Director of NCPRD executed contract amendments without delegated signing authority.</p> <ul style="list-style-type: none"> ➤ 9/2019 – NCPRD Director signed the TFT Construction contract amendments #1 and #2 for the aquatic park parking lot paving project. ➤ 11/9/2021 – NCPRD Director signed the 2.ink.Studio contract amendment #4 for the Milwaukie Bay Park project. <p>C-050-0100(2)(b) of the Local Contract Review Board Rules lists the director and deputy director of the majority of the County departments as positions with delegated signing authority. By Rule, only those listed positions have delegated authority – not all department directors or deputy directors.</p> <p>Per County Policy ARA-FIN-3.10, Delegated Budget Authority, in accordance with Oregon Budget Law, budget authority is the responsibility of the department director or elected official and may be delegated by the department director or elected official. Budget authority may be set at one of three pre-approved limits: \$5,000, \$50,000, or \$150,000. The County practice of annually delegating this authority is common and familiar to all departments.</p> <p>A potential lack of clarity regarding the distinctions, both between delegated budget and signing authorities and the specific positions identified within the Local Contract Review Board Rules, may have led to the NCPRD Director’s mistaken authority.</p> <p>No evidence of additional express written authority from the Board was noted during the engagement review.</p>	<p>NCPRD will work with County Counsel and Procurement to ensure that the correct signature designations for staff have been made. For contracts signed after July 1, 2021, this was an oversight from when NCPRD was separated from the Business and Community Services Department.</p> <p>Staff will ensure the District Board of Directors and the District Administrator will sign all contracts and agreements that required as described in Local contract Review Board Rules, the Clackamas County Code, and Clackamas County departmental policy and procedures.</p> <p>Timeline: 30 Days</p>
2	<p>Ratify active contracts and agreements approved by the Board of County Commissioners on behalf of the District Board. The contracts identified requiring NCPRD Board approval are with:</p>	<p>Of the 90 NCPRD Board approved contracts identified during the review period (1/1/2017-5/17/2022), 60 were approved without convening the NCPRD Board of Directors. All 60 identified contracts were executed prior to January 2021.</p>	<p>NCPRD staff will work with County Counsel to prepare a board order that ratifies the identified contracts for the District Board of Directors to sign. There are current processes and procedures in place where the NCPRD Board of Directors is</p>

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	<ul style="list-style-type: none"> ➤ <u>Enviser, Inc</u> for \$779,892 in aquatic equipment maintenance services, expiring on June 30, 2022, with 3-year extension option. ➤ <u>ICON</u> for a \$235,000 software license, expiring December 31, 2028. ➤ <u>Metro</u> for \$30,000 in GIS services, expiring June 30, 2024. ➤ <u>Clackamas Broadband Exchange</u> for a \$12,240 annual Internet agreement, extending “until terminated.” ➤ <u>Clackamas Water Environment Services</u> to provide \$90,000 annually in natural area maintenance services, expiring June 30, 2025, with a 5-year extension option. 		Five contracts approved without convening the NCPRD Board of Directors remain active.	<p>convened for all decision points and discussions related to District business, be it at Administrator Issues and Updates, Policy Sessions, or Business Meetings.</p> <p>Timeline: 60 days</p>
3	<p>Establish an Intergovernmental Agreement between the North Clackamas Parks and Recreation District and the County clarifying the District’s fiscal obligations with regard to the County’s administration of the Oak Lodge Library and the Gladstone Library and Community Center projects.</p> <p>At a minimum, the intergovernmental agreement should specifically define the North Clackamas Parks and Recreation District’s agreement to contribute to the architecture and engineering Opsis contract and the expense allocation methodology to be used.</p>		Between 1/1/2020 and 6/30/2021, the NCPRD made allocated payments of \$471,417.32 for services provided under the Opsis contract, a contract NCPRD is not a party to, without a formal agreement.	<p>NCPRD staff will work with County Counsel to bring an IGA before the NCPRD Board of Directors for approval.</p> <p>Timeline: 3-6 months</p>
Continuous Improvement				
1	Maintain recently established Public Notice	a) The District Administrator should continue to ensure the North Clackamas	This format was established on May 31, 2022. Prior to May 2022 Public Notices of NCPRD Board of Directors executive sessions were not issued.	Resolved – The District Administrator is actively working to ensure Public Notices are made in an appropriate and timely manner.

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	procedures and standards	Parks and Recreation District Board of Directors executive sessions are publicly noticed using the expanded Board of County Commissioners executive session public notice format. Consideration should be given to only noticing North Clackamas Parks and Recreation District Board of Directors executive sessions when planned, instead of consistently by default.		
		b) The District Administrator should continue to utilize an expanded Board of County Commissioners meeting agenda format. This format, established in early 2022, clearly distinguishes between the Board of County Commissioners and other governing bodies being convened during the meeting times, as well as meeting topics associated with each.	Prior to 2022, it was a Board of County Commissioners practice to include business for the various service district and other governing body boards it serves as on the Board of County Commissioners meeting agendas, often times without clearly identifying the acting governing bodies. There was no clear protocol for adjourning as the BCC and convening as the new board.	Resolved – The District Administrator currently ensures that public agendas and the Board of County Commissioners convene as the District Board of Directors when conducting NCPRD business at BCC Business Meetings, Policy Sessions and Administrator Issues and Updates.
2	Maintain recently implemented Clackamas County Board of County Commissioners meeting protocols and practices.	a) The County Administrator, who also serves as the District Administrator, should continue to help ensure each unique governing body scheduled to meet during Board of County Commissioners standing meeting times is intentionally convened and	During the period of 1/1/2017 to 5/17/2022, 153 NCPRD meetings were identified. Of these, 87 meetings were conducted, with over 60 actions taken, when the NCPRD Board of Directors was not convened. The last identified North Clackamas Parks and Recreation District activity conducted in a Board of County Commissioners meeting when the governing body was not convened as the District Board of Directors occurred in January 2022 during an Issues & Update meeting.	Resolved – The District Administrator currently ensures that public agendas and the Board of County Commissioners convene as the District Board of Directors when conducting NCPRD business at BCC Business Meetings, Policy Sessions and Administrator Issues and Updates.

	Recommendation		Observation	Management Response
		<p>recessed to meet respective agenda items and that these actions are appropriately reflected in meeting minutes.</p> <p>The North Clackamas Parks and Recreation District Board of Directors should continue to distinctly convene and recess when District business is addressed or conducted during Board of County Commissioners meetings, including Issues & Update meetings and Policy Sessions.</p>		
3	Enhance the North Clackamas Parks and Recreation District Public Meetings and Financial Information internet sites.	<p>a) The District Director should continue to strive to capture all North Clackamas Parks and Recreation District Board of Directors meeting agendas and minutes on the North Clackamas Parks and Recreation District meeting site, ensuring transparent access to prior Board of Directors discussions and decisions.</p> <p>b) The District Director should facilitate an update to the North Clackamas Parks and Recreation District Public Meetings webpage. The update should indicate the intent to publicly notice planned quarterly District</p>	<p>Of the 153 NCPRD meetings identified during the period of 1/1/2017 to 5/17/2022, 118 are not recorded or linked to meeting materials on the NCPRD website.</p> <p>After the recent effort to provide this access on the NCPRD website, one recent meeting (3/8/2022 Issue & Updates) has not recorded on the North Clackamas Parks and Recreation District site and should be captured.</p> <p>The five-year average for NCPRD meetings is nearly 30 meetings per year. The majority of the NCPRD Board of Directors meetings are scheduled during standing Clackamas County Board of Commissioners meetings. A few, mostly the distinctly separate meetings, are recorded on the NCPRD website. The NCPRD website does not clearly indicate the volume and timing of all NCPRD Board of Directors activity.</p>	<p>NCPRD staff are aware of difficulties in accessing some information on their websites, and inconsistencies in past postings. Staff are currently looking to upgrade website options to provide more accurate and easy-to-access information.</p> <p>Timeline: 6-12 months to full upgrade, but immediate corrective action on future postings.</p> <p>NCPRD staff are aware of difficulties in accessing some information on our websites, and inconsistencies in past postings. Staff are currently looking to upgrade website options to provide more accurate and easy-to-access information.</p> <p>Timeline: 6-12 months to full upgrade, but immediate corrective action on future postings.</p>

	Recommendation		Observation	Management Response
		<p>Board of Directors meetings on the North Clackamas Parks and Recreation District site.</p> <p>It should be clarified that all other as-needed North Clackamas Parks and Recreation District Board of Directors meetings (Executive Sessions, Issues & Updates, Planning Sessions and Business meetings) will be publicly noticed via Board of County Commissioners publicly noticed meetings. The Board of County Commissioners meeting agendas will indicate those additional governing bodies being convened during the Board of County Commissioners meeting.</p>		
		<p>c) The North Clackamas Parks and Recreation District Financial Information page should include links to District Budget meetings and materials, as well as supplemental budget data relevant to the adopted budget data presented.</p>	<p>Supplemental budget data is not provided on the NCPRD Financial Information website page.</p>	<p>NCPRD staff will ensure that any supplemental budget information is added to the web pages.</p> <p>Completion: Immediate</p>
4	<p>Enhance North Clackamas Parks and Recreation District Board of Directors</p>	<p>a) The North Clackamas Parks and Recreation District Board of Directors should continue to strive for routine, quarterly meetings held distinctly as</p>	<p>The District Board of Directors recently refocused energy on holding distinct District Board meetings in early 2022, convening on March 30, 2022, in a separately held North Clackamas Parks and Recreation District Board of Directors meeting.</p>	<p>The NCPRD Board of Directors has already agreed to hold quarterly District Board meetings. The next meeting is calendared for September and December.</p>

	Recommendation		Observation	Management Response
	meeting access, accountability and public transparency.	District Board meetings, not associated with the Clackamas County Board of County Commissioners meetings.		
		b) The North Clackamas Parks and Recreation District Board of Directors should routinely hold meetings at a location within the District.	Of the top fifteen Oregon parks and recreation districts, ranked by fiscal year 2021 reported asset value, NCPRD is the only District not to hold regular Board meetings within the District.	This is a decision for the NCPRD Board of Directors.
		c) The North Clackamas Parks and Recreation District Board of Directors should routinely, as part of a standing agenda item, receive District financial updates, including project-specific progress updates.	<p>During the 5-year review period, the NCPRD governing body officially received three standard financial updates: 12/21/2017, 1/18/2018 and 2/15/2018.</p> <p>Of the top fifteen Oregon parks and recreation districts, ranked by fiscal year 2021 reported asset value, over 90% of the governing boards receive regular financial reviews, some monthly.</p>	<p>Quarterly financial reports will be shared with the District Advisory Committee followed by the NCPRD Board of Directors.</p> <p>Timeline: Immediately</p>
		d) The North Clackamas Parks and Recreation District Board should routinely, as part of a standing agenda item, receive District Board-approved contract and intergovernmental agreement updates, including % completion (time & value) and change order/amendment status.	The District is currently pursuing multiple development projects with significant stakeholder engagement and interest.	<p>These reports will be shared with the NCPRD Board of Directors.</p> <p>Timeline: Immediately</p>
5	Maintain recently implemented Clackamas County Board of County Commissioner Consent Agenda	a) The County Administrator, who also serves as the District Administrator, should continue to help ensure each unique governing body scheduled to address a consent agenda during Board of	<p>The North Clackamas Parks and Recreation District is one of nine other boards the Clackamas County Board of County Commissioners serves as. Based on the review of over 750 BCC meetings from 1/1/2017 to 5/17/2022, observed opportunities for enhanced governance and compliance are relevant to these bodies, as well.</p> <ul style="list-style-type: none"> ✓ Board of Health ✓ Clackamas County Development Agency 	<p>Resolved – The District Administrator currently ensures that public agendas and the Board of County Commissioners convene as the District Board of Directors when conducting NCPRD business at BCC Business Meetings, Policy Sessions and Administrator Issue and Updates. This process also applies to other bodies mentioned in the recommendation.</p>

	Recommendation		Observation	Management Response
	protocols and practices	<p>County Commissioners standing meeting times is intentionally convened and recessed to meet the respective consent agendas and that these actions are appropriately reflected in governing body meeting minutes.</p> <p>The County Administrator should continue to help ensure that, if two Clackamas County entities are entering into an intergovernmental agreement with one another, the governing bodies of both parties are convened separately to discuss and approve the agreement</p>	<ul style="list-style-type: none"> ✓ Clackamas County Extension and 4-H Service District ✓ Clackamas Water Environment Services ✓ Enhanced Law Enforcement District ✓ Housing Authority ✓ Library Service District of Clackamas County ✓ Service District #5 (Street Lighting) 	
6	Leverage established contracting processes to enhance financial controls and training for other contractual forms (intergovernmental agreements, etc.).	<p>a) County Counsel and the Finance Director should design and implement consistent contract and agreement signature page language and protocols (entity, governing body, authorized signer - name and title, and date) recognizing the unique roles and responsibilities of the signatories.</p>	<p>Contract and intergovernmental authorizations – Who was signing for what entity – lacked consistency in the documents reviewed. In reviewing the authorizations of the 90 contracts and intergovernmental agreements identified during the review period (1/1/2017 - 5/17/2022), no consistent language or signing protocols were apparent.</p> <p>The following are examples of NCPRD contract signature page language:</p> <ul style="list-style-type: none"> ✓ “Clackamas County NCPRD” to be signed by “Commissioner Tootie Smith, Chair on behalf of the Board” ✓ “North Clackamas Parks and Recreation District, Name, Title, Signature” ✓ “North Clackamas Parks and Recreation District, Tootie Smith, Chair, Board of Directors” <p>The signature page for one agreement between NCPRD and another County special districts made no distinction between the two parties signing. The same person with the same title signed twice.</p>	<p>NCPRD staff will work with County Counsel and Finance to ensure that all future signatory pages are consistent and clear in title and purpose.</p> <p>Completion: 1 month</p>

	Recommendation	Observation	Management Response
	<p>b) The North Clackamas Parks and Recreation District Director should coordinate with County Counsel and the Finance Director to ensure financial Terms and Conditions of intergovernmental agreements are detailed and clear in definition of 1) the not to exceed amounts and 2) the project scope, as appropriate.</p>	<p>The Boardman Wetland project was supported by an intergovernmental agreement (IGA) between the NCPRD and the Oak Lodge Water Service District. The IGA focused on several funding streams and estimated the project scope based on future funding in general. The financial Terms and Conditions were not specifically detailed in a schedule or definitively stated as a "Not to Exceed" amount.</p> <p>The project resulted in \$1,267,395.83 being paid to OLWSD as reimbursed project costs. This exceeded the original estimated costs by nearly \$121,000, or 11%. Due to the estimated nature of the IGA, the NCPRD determined the costs paid were allowable under the contract. No amendment was pursued.</p>	Resolved
	<p>c) The District Director should ensure agreement amendments are established and authorized for any necessary changes to the Terms and Conditions of contracts prior to incurring District liability.</p>	<p>The Boardman Wetland project was supported by an intergovernmental agreement between the NCPRD and the Oak Lodge Water Service District. The IGA focused on several funding streams and estimated the project scope based on future funding in general. The financial Terms and Conditions were not specifically detailed in a schedule or definitively stated as a "Not to Exceed" amount.</p> <p>The project resulted in \$1,267,395.83 being paid to OLWSD as reimbursed project costs. This exceeded the original estimated costs by nearly \$121,000, or 11%. Due to the estimated nature of the IGA, the NCPRD determined the costs paid were allowable under the contract. No amendment was pursued.</p>	Resolved
	<p>d) County Counsel should collaborate with the Finance Director to identify areas for enhanced intergovernmental agreement management controls and provide "contract administration" training for intergovernmental agreement users and responsible parties.</p>	<p>A distinction has been drawn in County practices between contracts and intergovernmental agreements. County Counsel is the Issuing Department for intergovernmental agreements. Finance's Procurement Division is the Issuing Department for all contracts. This has led to an inconsistency in the awareness and application of standard financial controls when administering and managing intergovernmental agreements.</p>	<p>NCPRD Director and staff will ensure that this is done.</p> <p>Completion: Immediate</p>

	Recommendation		Observation	Management Response
7	Ensure established, ongoing NCPRD vendor relationships comply with Procurement guidelines.	a) The District Director should review routine procurements through individual vendors which cumulatively exceed Procurement thresholds, confirming appropriate Procurement processes and contract signing authority, as necessary.	In five years, over \$464,000 has been paid by NCPRD to Food Services of America. NCPRD indicated the District has not had a contract with Food Services of America.	<p>NCPRD staff have checked with Procurement, and determined not to be in violation of any procurement policies, but the optics have brought up the need to review this large-dollar supplier.</p> <p>Staff are currently looking to see if FSA is part of a State purchasing contract, and if those are better prices than current.</p> <p>Regardless, staff will be pursuing an RFP or RFQ process to ensure that we are being competitive to all market suppliers.</p> <p>Completion: Immediate for current purchasing. In the next 12 months for RFP.</p>