

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS
Sitting/Acting as (if applicable)
Policy Session Worksheet

Presentation Date: 4/21/20 **Approx. Start Time:** 11:00am **Approx. Length:** 30min

Presentation Title: Presentation of the 2019 Audit

Department: Finance

Presenters: James Lanzarotta, Moss Adams; Kevin Mullerleile, Moss Adams; Christa Wolfe, Deputy Finance Director

Other Invitees: Elizabeth Comfort, Interim Finance Director

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

None - Informational Policy Session

EXECUTIVE SUMMARY:

After completion of the Clackamas County annual audit for the year ending June 30, 2019, the independent auditors provided a detailed report the results to the Clackamas County Audit Committee and now will provide a high level overview to the full Board of County Commissioners.

Our auditors, Moss Adams, LLP, will provide a slideshow presentation of the audit results for the various reports for the year ending June 30, 2019, which have been posted online at <http://www.clackamas.us/finance/finance.htm>.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? \$307,670 FY19/20 What is the funding source? Cost allocation.

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals? Annual audits increase financial transparency and accountability.
- How does this item align with the County's Performance Clackamas goals? Annual audits build the public trust as we report out on the County's financial practices, results, and internal controls.

LEGAL/POLICY REQUIREMENTS:

The County met the legal requirements or ORS 297.425 by having an independent audit of the financial operations for the year ending June 30, 2019.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The results of the Audit were presented to the Clackamas County Audit Committee on 4/6/20.

OPTIONS:

NA

RECOMMENDATION:

NA

ATTACHMENTS:

Slides Titled Clackamas County Audit Presentation to County Commissioners for the year ending June 30, 2019.

SUBMITTED BY:

Division Director/Head Approval __CBW_____

Department Director/Head Approval _EC_____

County Administrator Approval _GS_____

For information on this issue or copies of attachments, please contact Christa Wolfe@ 503-704-2728



Clackamas County

Audit presentation to County
Commissioners

For the Year Ending June 30, 2019

April 21, 2020

AGENDA

Key Service Team Members

Five Questions & Answers on the Audit Process

1. What does an audit of the County entail?
2. Are the financial statements a fair representation of transactions and ending balances for the year?
3. Did the County comply with applicable State and Federal laws
4. Did the audit identify fraud/waste/abuse?
5. What is the financial condition of the County?

Key Service Team Members

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Question #1 – What does an audit of the County entail?

Independent verification of transactions and balances

- Inspection of source documents
- Verification with third parties
- Analytical review and inquiry procedures
- Perform substantive test procedures

Evaluation of the effectiveness of internal controls

- Review key controls in all significant transaction cycles
- Testing for operational effectiveness
- Reporting of control weaknesses

Testing compliance with Federal and State laws

- Oregon Minimum Audit Standards required tests of state laws
- Federal grants compliance testing under the Uniform Grant Guidance



Question #1 – What does an audit of the County entail?

Technical review of the financial statements

- Balances and transactions verified against audited amounts and documentation
- Financial statements meet all applicable GAAP, State legal, and GFOA Award requirements
- Supplementary information presented accurately

Reporting of audit results

- Individual meetings with audit committee members during fieldwork
- Weekly contact with Finance staff
- Exit meeting with Audit Committee
- Reporting to County Commissioners



Question #2 – Are the financial statements accurate?

Moss Adams Audit Procedures

- Perform risk assessment to identify significant risk areas
- Test internal controls for effectiveness
- Perform substantive test procedures
- Perform technical review of financial statements

Results

- Unmodified (clean) opinion provided to the County for its CAFR and the financial statements for each component unit
- Financial statements are presented fairly in accordance with US GAAP
- Development Agency had one significant deficiency relating to internal controls over financial reporting

Additional Audit Comments

- Presented our required audit communications to the Audit Committee
- Discussed some 'best practice' observations and recommendations with the Audit Committee and Management



Question #3 – Did the County comply with applicable Federal and State laws and regulations?

Moss Adams Audit Procedures

- Perform risk assessment to identify applicable and significant compliance requirements
- Perform compliance testing over federal grants and several state laws covering budgets and public contracting

Results

- Our report on compliance with Oregon Minimum Standards noted no instances of non-compliance, except for 5 County budgetary over expenditures
- Our testing of Federal Grants resulted in no compliance findings

Additional Audit Comments

- Management is aware of the compliance requirements that are subject to our audit procedures and monitor compliance throughout the year



Question #4 – Did the audit identify any fraud, waste, or abuse?

Moss Adams Audit Procedures

- Evaluation of key controls for all significant balances and transaction cycles
- Brainstorm session to identify fraud risk areas
- Interview of individuals throughout the County

Results

- No instances of fraud, waste, or abuse were identified throughout the audit

Additional Audit Comments

- Overall, management is able to design and implement controls that are appropriate and help protect the County's resources from fraud, waste, and abuse



Question #5 – What the audit does not directly answer - the County's financial condition...

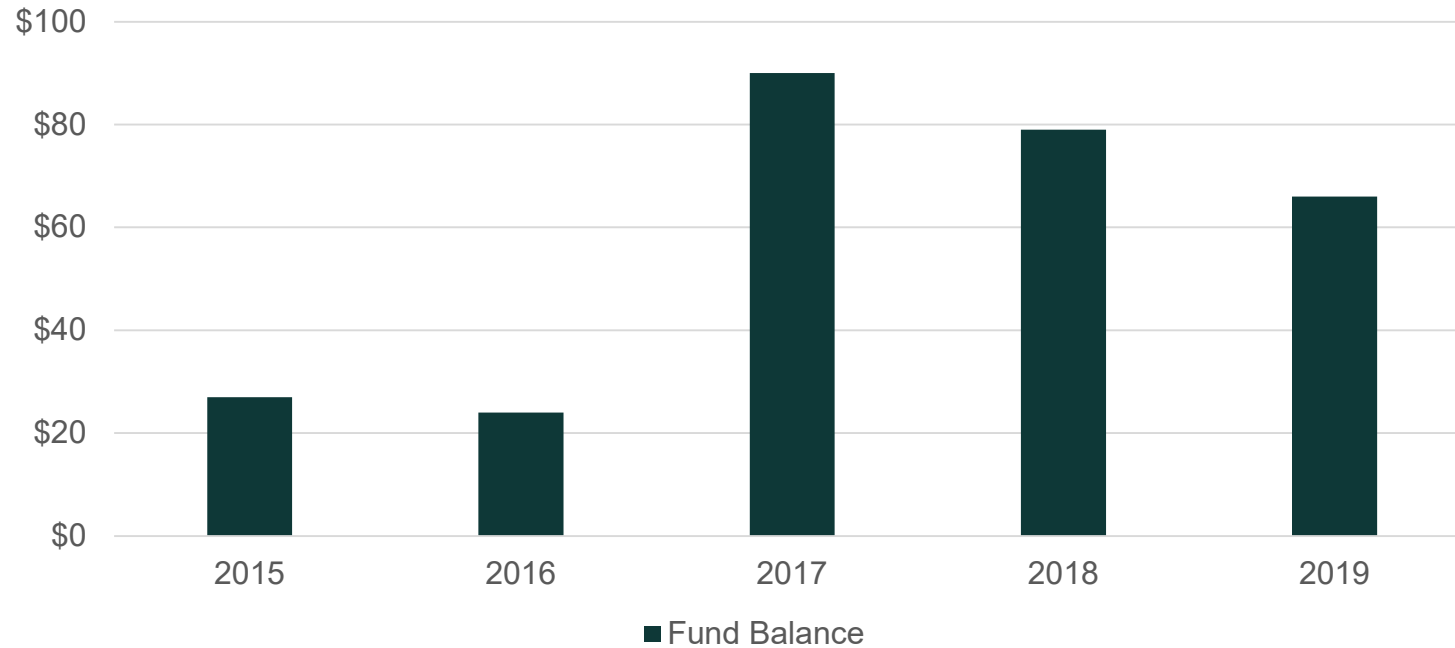
Results

- General Fund Balance
- Overall County Net Position



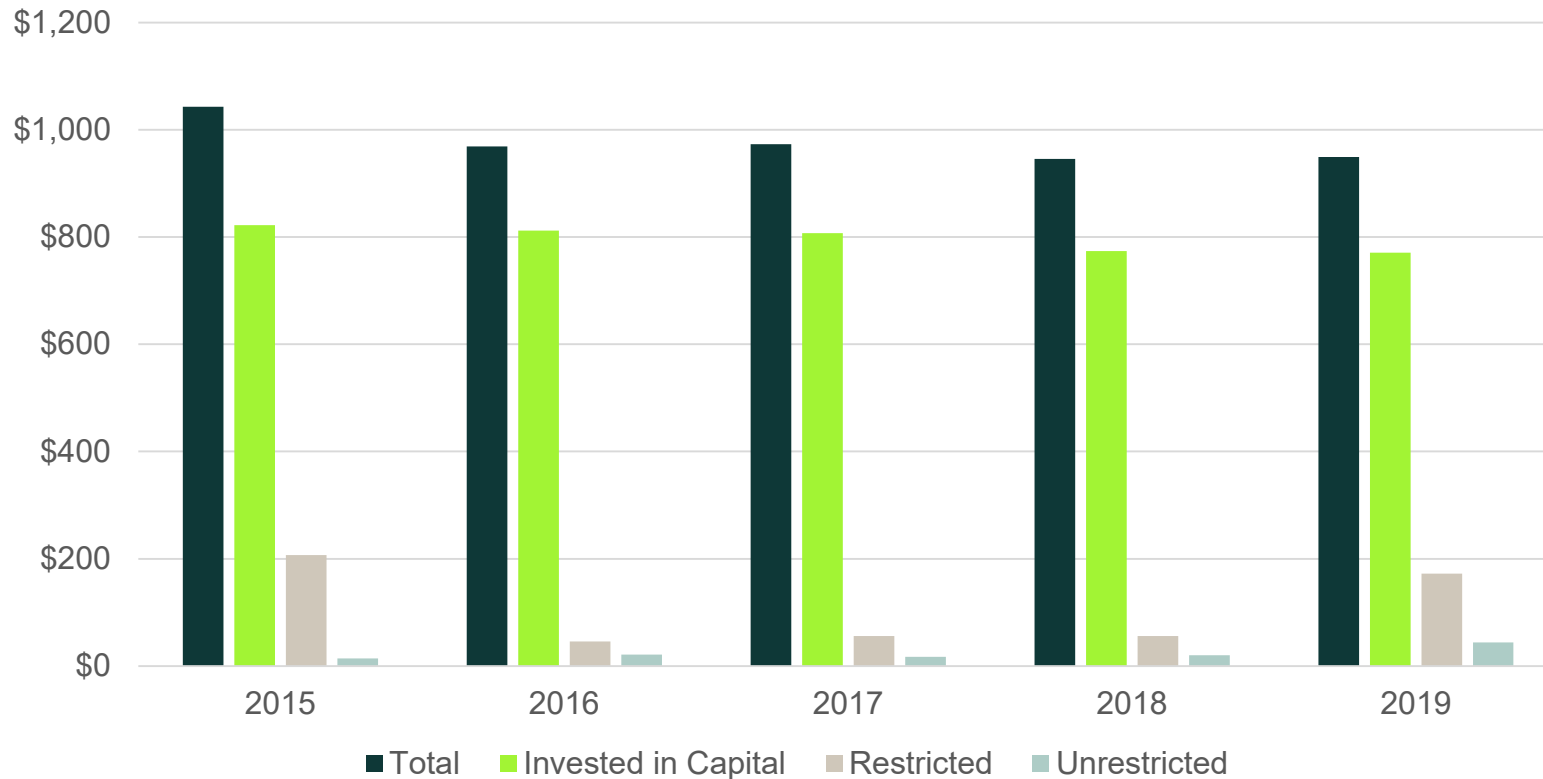
Financial Trends (Millions)

General Fund Balance



Financial Trend (Millions)

Overall County Net Position



Acknowledgements

Thank you to County Commissioners for your leadership; the Audit Committee for working with us as your external auditors; Gary Schmidt for his County management leadership; Elizabeth Comfort and Christa Wolfe for the County's financial management and accuracy in accounting for resources; and the many other staff who assisted us for their excellent facilitation of the audit process.



- Personnel across County departments were courteous, responsive and fulfilled all of our requests.

THANK
YOU

