

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, June 14, 2023

Item #1
Draft March 8, 2023, Meeting Minutes



MEETING MINUTES

Internal Audit Oversight Committee

Wednesday, March 8, 2023
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 type="checkbox"/> Vacant, Community Member | <input checked="" type="checkbox"/> Tootie Smith, Chair of Board of County Commissioners | <input checked="" type="checkbox"/> Mark Shull, Vice-chair of Board of County Commissioners | <input checked="" type="checkbox"/> Gary Schmidt, County Administrator | <input checked="" type="checkbox"/> Stephen Madkour, 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"/> Scott Anderson, Video Production Coordinator, PGA | | | |

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, County Internal Auditor, performed the roll call. Chair Vuong welcomed Commissioner Shull to the Committee.	None

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 meeting but can be emailed to OCIA@Clackamas.us .	
January 11, 2023, meeting minutes	Chair Minh Dan Vuong	<p>The draft January 11, 2023, Internal Audit Oversight Committee meeting minutes were presented. Chair Vuong clarified and corrected the minutes to reflect a change in the audit plan cycle from calendar year to fiscal year.</p> <p>Stephen Madkour moved to adopt the January 11, 2023, draft minutes as revised. Commissioner Tootie Smith, the Board of County Commissioners Chair seconded the motion. The motion was approved unanimously.</p>	January 11, 2023, minutes approved as revised.
2022 Audit Plan status updates	Jodi Cochran, County Internal Auditor	<p>Jodi Cochran presented the Audit Plan status updates, highlighting current and upcoming projects.</p> <p>A motion was made to amend the 2022 audit plan to include the Financial Condition Analysis engagement. Committee members provided general comments and feedback.</p> <p>Commissioner Tootie Smith moved to amend the 2022 audit plan. Stephen Madkour seconded the motion. The motion was approved unanimously.</p>	2022 Audit Plan amendment approved to include the Financial Condition Analysis engagement.
2022 Risk assessment results	Jodi Cochran, County Internal Auditor	The 2022 Risk Assessment results were presented by Jodi. Discussion ensued about the risk rating results. Jodi provided a quick preview of what to expect at the June 2023 meeting, when the 2023 Audit Plan will be presented and voted upon.	Informational
2022 Audit recommendations status report	Jodi Cochran, County Internal Auditor	Jodi highlighted the importance of recommendations and how they are intended to highlight risks. A summary of the recommendation status was presented, and discussions ensued.	Informational

Issue	Presenter/ Staff Contact	Issue Description	Decision/Action/ Assignments
Quality Assurance Improvement Program (QAIP)	Jodi Cochran, County Internal Auditor	The Quality Assurance and Improvement Program March 2023 Status report was provided. The quarterly report details progress toward achieving specific County Internal Audit strategies and goals. Additionally, the Quality Assurance Improvement Program report serves as a method of addressing specific Standards and ensuring accountability. 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
Round Table	All	Committee members provided general comments and feedback.	
Meeting adjournment	Chair Minh Dan Vuong	With no additional comments from the Committee, the meeting adjourned at 2:50 p.m.	
		Next scheduled meetings: Wednesday, June 14, 2023 2:00 p.m. to 4:00 p.m. Location: TBD	Submitted by: Kathy Yeung

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, June 14, 2023

Item #2
Emergency Rental Assistance Program –
Report Presentation



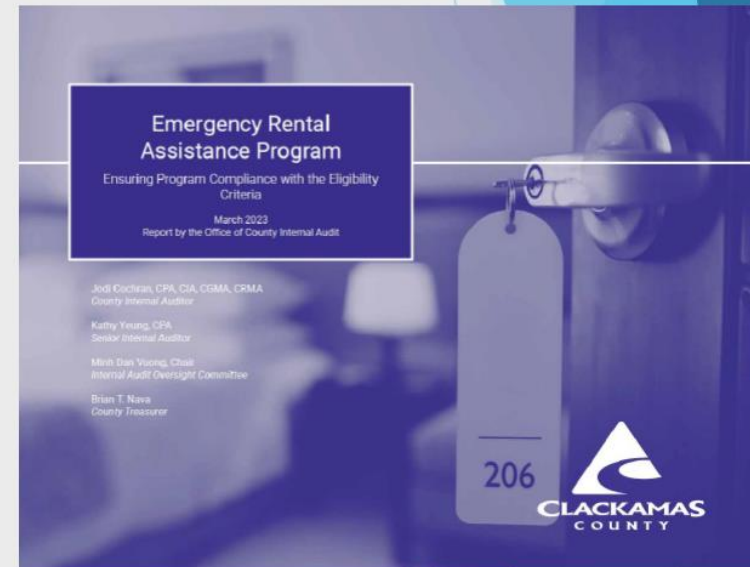
Emergency Rental Assistance Program: *Ensuring Program Compliance with the Eligibility Criteria*

Report by the Office of County Internal Audit

Why the Audit is Important

Social Services division is responsible for appropriately spending and managing \$22.4m in ERA funding

- ▶ U.S. Department of the Treasury launched the Emergency Rental Assistance (ERA) program in January 2021
- ▶ Both the Social Services division and subrecipients administer and issue payments
- ▶ It is the county's responsibility to ensure compliance with participant eligibility and program criteria, including those that apply with subrecipients



What We Found

Ensuring grant participant eligibility has added challenges when monitoring subrecipient service delivery



- ▶ What is working
 - ▶ Quality assurance process for validating benefit eligibility was more effective when done by the County
 - ▶ Data collection efforts in place during times of fluctuating federal guidance*
- ▶ What is creating barriers/challenges
 - ▶ Significant manual work needed for data compilation
 - ▶ Not all subrecipients had effective quality assurance processes for program criteria
 - ▶ Inconsistent application of unique identifiers on documents containing confidential information protected under the Violence Against Women Act Confidentiality Provision

What We Recommend

Three recommendations made to address potential improvements to subrecipient monitoring processes



- 1** Ensure the final payments to all subrecipients of the Emergency Rental Assistance Program reflects compliance with the 18-month maximum criteria.
- 2** Enhance subrecipient agreements to clearly define all significant grant criteria.
- 3** Require unique identifiers on all documents supporting services provided to participants impacted by the Violence Against Women Act.

What is Being Done

Social Services division has agreed to all three recommendations. Implementation efforts for enhancements are underway.



1

- ▶ Social Services has reviewed all payments and have identified eligible and ineligible payments under ERA and other grant programs
- ▶ Going forward, Social Services will work with subrecipients to provide clearer guidelines and technical assistance
- ▶ On track to be complete by June 30, 2023

What is Being Done

Social Services division has agreed to all three recommendations. Implementation efforts for enhancements are underway.



2

- ▶ Social Services has an ongoing conversation with the Finance Grant Management team for setting up a process in place
- ▶ Will ensure continuity between updating both Grants and subrecipients when updated guidance are released for future grants

3

- ▶ Social Services has communicated with the subrecipient impacted by this federal statute
- ▶ Will continue to work with them to ensure matching documentations in the future

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, June 14, 2023

Item #3
Emergency Rental Assistance Program,
Report #2022-03

Emergency Rental Assistance Program

Ensuring Program Compliance with the Eligibility Criteria

March 2023
Report by the Office of County Internal Audit

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

Kathy Yeung, CPA
Senior Internal Auditor

Minh Dan Vuong, Chair
Internal Audit Oversight Committee

Brian T. Nava
County Treasurer

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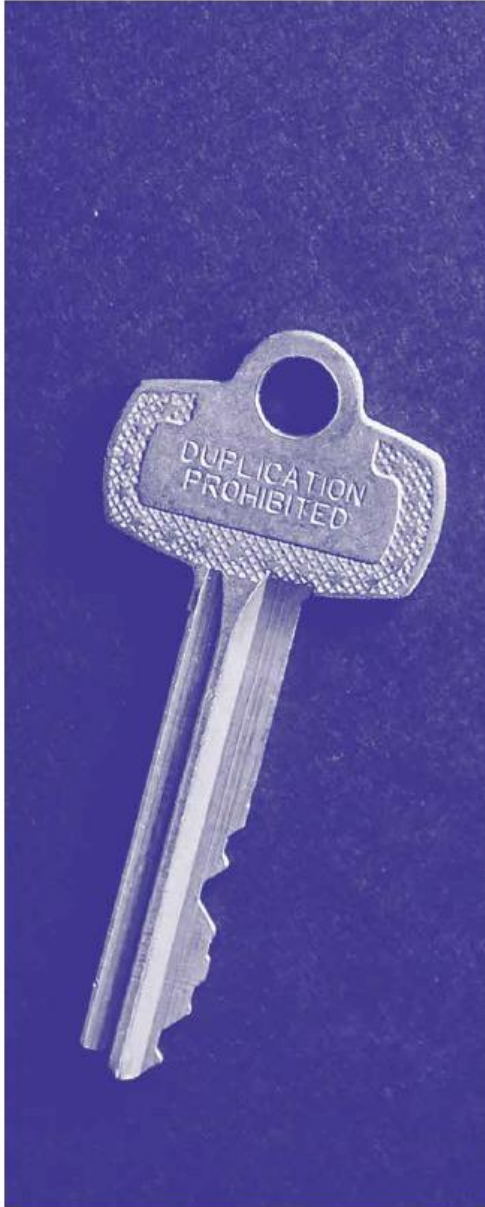
Văn phòng Kiểm toán Nội bộ Hạt cam kết cung cấp phương tiện phù hợp để người dùng tiếp cận báo cáo. Để biết thêm thông tin về, dịch thuật, hoặc các thông tin khác, vui lòng liên hệ chúng tôi qua email ocia@clackamas.us hoặc số điện thoại 503-742-5983.

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I. Executive Summary



Ensuring grant participant eligibility has added challenges when monitoring subrecipient service delivery

Clackamas County has various systems and tools in place to comply with the Emergency Rental Assistance Program's eligibility criteria when participants apply directly with the county. Different systems and tools are used when participants apply through county subrecipients. While the county's subrecipient agreements require the grant subrecipients check and comply with federal requirements, it is the county's responsibility to establish a monitoring program to ensure all grant subrecipients are complying with all grant criteria.

Each subrecipient has developed their own systems and processes to administer and monitor the program. Not all structures and procedures effectively tracked the number of months paid to each household. Subrecipient noncompliance with the 18-month maximum criteria of the Emergency Rental Assistance Program was noted.



Recommendations

Three recommendations were made addressing potential improvements to subrecipient monitoring processes. Detailed observations and recommendations are included in this report.

- 1** Ensure the final payment to all subrecipients of the Emergency Rental Assistance Program reflects compliance with the 18-month maximum criteria.
- 2** Enhance subrecipient agreements to clearly define all significant grant criteria.
- 3** Require unique identifiers on all documents supporting services provided to participants impacted by the Violence Against Women Act.

Management Response

The Health, Housing and Human Services department and Social Services division teams have reviewed and agreed with these recommendations. Full responses have been included in this report.



Proactive Efforts

Team members of the Health, Housing and Human Services department's Social Services division, as the primary engagement contacts, have contributed their time and effort to provide access to the information and data cited. These contributions significantly supported the completion of this review. Collaborative efforts are vital to the county's ability to successfully meet objectives, as well as identify, thoroughly analyze, and appropriately respond to risks. We demonstrate our core values, SPIRIT, when we collectively and proactively identify steps to streamline processes, strengthen controls, and mitigate risks.

Special thanks to Brenda Durbin, Erika Silver, Teresa Christopherson, Jennifer Much Grund, Doug Green, and the Social Services team for their contributions and support for this engagement; Joseph Rosevear and Matt Westbrook with the Finance team for sharing their expertise in grant and subrecipient processes; Mark McBride and Dylan Blaylock with the Public & Government Affairs department for their assistance in the report design, formatting, and conducting post-audit administrative tasks; and Jon McDowell with the GIS team for the assistance in developing the map diagram.

II. Background



Emergency Rental Assistance Programs

In response to the COVID-19 pandemic and the heightening need to assist households that are unable to pay rent and utilities, the U.S. Department of the Treasury launched the Emergency Rental Assistance (ERA) Program in January 2021. The \$25 billion dollar program provided the funds directly to states, local governments, Indian Tribes, and U.S. Territories. In May 2021, the Treasury announced an additional \$21.6 billion allocation for the Emergency Rental Assistance Program under the American Rescue Plan.¹ These allocations established two programs, respectively, ERA1 and ERA2. Clackamas County was allocated approximately \$12.5 million in ERA1 funds and approximately \$9.9 million in ERA2 funds.²

The eligibility criteria for both ERA1 and ERA2 are similar as the U.S. Department of the Treasury strove for consistency between both funding streams to reduce administrative burdens. One difference is “other expenses” are not required to be incurred due to the COVID-19 pandemic under ERA2. Another difference is that ERA1 required financial hardship due to the pandemic, while ERA2 expanded that to include financial hardship experienced *during* or due to the pandemic³. At a high level, individuals or households can qualify for ERA1 and ERA2 if:

- they have experienced financial hardship or reduction in household income due to the COVID-19 outbreak,
- can demonstrate a risk of experiencing homelessness or housing instability, and
- household income is at or below 80% of area median income.⁴

1 U.S. Department of the Treasury [Emergency Rental Assistance Program](#)

2 U.S. Department of the Treasury Emergency Rental Assistance Program – [Allocations and Payments](#)

3 National Low Income Housing Coalition [Frequently Asked Questions](#), July 2022

4 U.S. Department of the Treasury Emergency Rental Assistance [Frequently Asked Questions](#), Revised July 27, 2022



Both programs have limitations in terms of the total number of months of financial assistance which can be provided. For ERA1, the maximum allowed number of months is 15. For ERA2, there is a maximum of 18 months allowed if grantees combine both ERA1 and ERA2 funds.

Reporting Obligations

Recipients of the ERA Programs are required to submit monthly reports, quarterly reports, and a final report. Monthly reports for both ERA1 and ERA2 are to be reported for the period April 1, 2021, through June 30, 2022. The U.S. Department of Treasury may require additional monthly reports. Quarterly reports are required for the period from award date through December 29, 2022, for ERA1 and through September 30, 2025, for ERA2. The final report for ERA1 is for the period from award date through September 30, 2022 (or December 29, 2022, if reallocated ERA1 award funds were received). For ERA2, the final report period has yet to be determined.⁵

Data collected includes demographic information (i.e., race, ethnicity, and gender) and household area median income level. Monthly or quarterly reports submitted to the U.S. Department of Treasury summarize the financial and performance data. As Clackamas County provides ERA rental assistance both directly and through subrecipients, both the county and its subrecipients are responsible for this reporting activity.

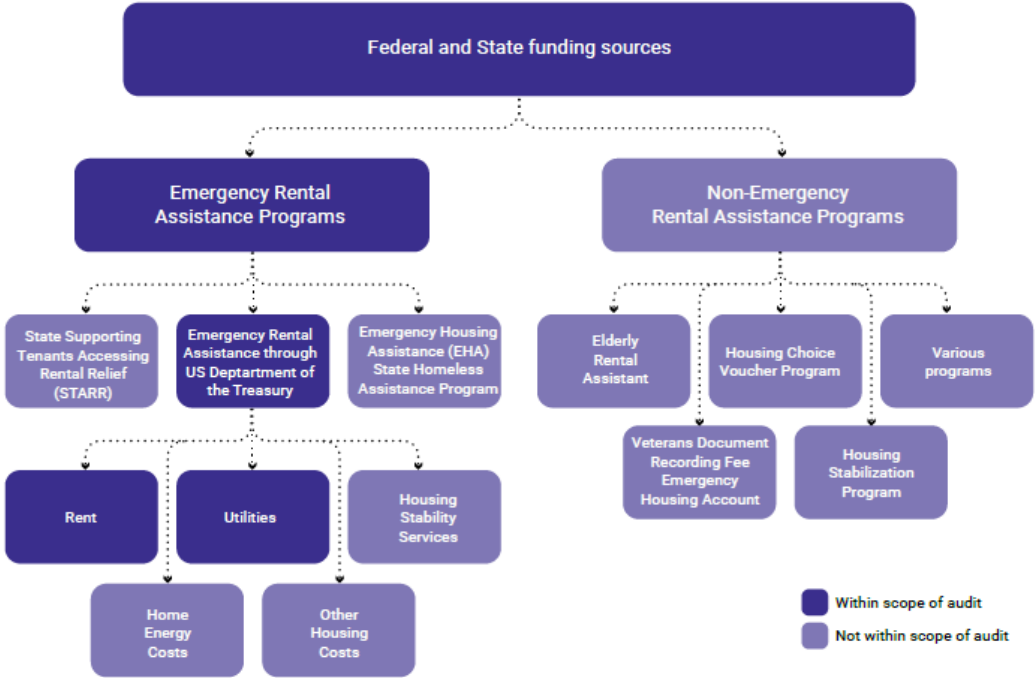
⁵ U.S. Department of the Treasury [ERA Reporting Guidance v3.4](#) revised December 8, 2022

III. Observations



County Rental Assistance Programs

Clackamas County operates many housing programs which include those funded by federal and state grant fundings. Non-emergency rental assistance includes, but is not limited to, Elderly Rent Assistance, Housing Stabilization Programs, Housing Choice Voucher Program, and more through Coordinating Housing Access. Emergency rental assistance programs include the ERA Program and State Supporting Tenants Access Rent Relief (STARR). Grant programs that share common program objectives and service delivery goals can be supported by multiple funding sources from different levels (e.g., U.S. Department of the Treasury at the federal level and the Oregon Housing and Community Services Department at the state level).



Source: OCIA generated based on audit observations



Application and Process

Clackamas County residents can apply for and access the Emergency Rental Assistance Program in many ways.

- **Oregon Emergency Rental Assistance Program (OERAP)⁶**
This web portal is administered by the State of Oregon, through the Oregon Housing Community Services, and is also known as the Allita application system. Applications for rental assistance through Allita are no longer accepted as funds have been exhausted.
- **Clackamas County Coordinated Housing Access (CHA)⁷**
The Social Services division oversees this effort to help individuals and households find immediate housing and support services. Services can be accessed through an online form or a direct access phone line.
- **Subrecipients**
These are nonprofit organizations that administer emergency rental assistance programs and are monitored by Clackamas County's Social Services division of the Health, Housing and Human Services department. Subrecipients provide public outreach and access to their individual application processes. These organizations also use CHA and do not accept clients directly.

If directly applying with Clackamas County, the application and documents demonstrating eligibility are reviewed and vetted through the county's quality review process. Payments are issued either directly to landlords and utility service providers or to the participant. If the participant applies through nonprofit subrecipients of the ERA Program, the subrecipients will determine eligibility and issue financial assistance. The county provides reimbursements to the subrecipient.

⁶ [Oregon Emergency Rental Assistance Program \(OERAP\)](#)

⁷ [Clackamas County Coordinated Housing Access](#), contact by phone at 503-655-8575 or email at cha@clackamas.us



At least eight different platforms and systems are used to collect and track data. The Clackamas County Social Services division developed a tracker used internally that captures information such as months of household assistance received, dollar amounts, notes about the individual or household, which platform the household applied through (i.e., OERAP portal or through Coordinated Housing Access), and the quality review status. Each subrecipient develops and uses their own systems and trackers. For the purposes of accumulating and reporting county data to the U.S. Department of Treasury, the Clackamas County Social Services division requires subrecipients to complete and submit participant data into reporting templates created by the Social Services division. Additional systems used by the program for data collection and reporting process include the Homeless Management Information System and various financial systems.

These various platforms and systems are minimally integrated. Significant manual work is necessary to compile data from internal and external sources. The Social Services division has developed a master recording process to tie both program performance and financial components together for all participants. This manual process is time-consuming and the results as of December 2022 are not yet complete. Program participation and payments made prior to the creation of this list have not yet been captured. Additionally, a small subset in the population, whose personal identifiable information is protected under federal legislation, is not included in the master list. The lack of complete and timely data minimizes effective program performance observations, analysis, and reporting. Continuous improvement opportunities exist to enhance data integrity and data collection processes.

Compliance with Program Criteria

The significant eligibility criteria for the Emergency Rental Assistance Program can be focused by participant and benefit. Participant eligibility is determined by demonstratable characteristics of the applicant's economic status and personal pandemic experience. Benefit eligibility is determined by the type of benefit, whether rent or utilities, and the amount of benefit.



Testing indicated the county's processes for validating participant eligibility are effective. Participants met the economic and pandemic experience criteria established in ERA1 and ERA2 federal guidance. For participants protected under federal legislation restricting the disclosure of personal identifiable information, alternate validation processes are warranted to ensure both participant eligibility and personal protection. Testing indicated the county's processes for validating benefit eligibility are more effective when the benefit is provided directly by the county than when provided by a subrecipient. When the participant applied directly through the county, the county's internal tracking systems allowed for calculation and monitoring of the number of rental assistance months provided for each participant. During review of the subrecipients' tracking system, it was noted that not all had structures and procedures in place to effectively track the number of months previously paid prior to approval of new payments. Two participants who applied for emergency rental assistance through a subrecipient received more than the 18-month maximum available financial assistance. Mid-engagement communications with both county departments and the subrecipient were conducted to proactively address the gap in processes.

While the county's subrecipient agreements require the subrecipients to check and comply with federal requirements, it is the county's responsibility to establish a monitoring program to ensure all grant subrecipients are complying with all grant criteria. Results through fieldwork, observations, and conversations indicate the county is not receiving sufficient data to monitor subrecipient compliance with the maximum benefit criteria of the Emergency Rental Assistance program.

Data Privacy and Security Requirements

Grantees are required to maintain confidentiality protections for individuals who are survivors of domestic violence, dating violence, sexual assault, or stalking.⁸ Systems and processes supporting these participants are unique in their relationship to data

⁸ U.S. Department of the Treasury Emergency Rental Assistance [Frequently Asked Questions](#), Revised July 27, 2022



as protected under the Violence Against Women Act.⁹ In reviewing documentation supporting the eligibility criteria of the program, it was noted documents containing confidential and personal identifiable information were appropriately redacted in compliance with the Violence Against Women Act. However, service documentation reviewed did not contain a corresponding unique identifier to provide an audit trail while protecting the client's identity. This federal legislation does not allow for standard exceptions for auditing processes and, as such, not all standard audit procedures were performed. While having access to redacted personal identifiable information is not required, it is the county's responsibility to ensure sufficiency and ability to monitor this subset of program participants for eligibility compliance.

Grant Programs with Multiple Funding Sources

One grant-funded program can have multiple grant funding sources to support the objectives and service delivery goals. As new funding sources are identified, the original grant agreements are amended to recognize the increased revenue source. The county's financial system, in assigning a unique project code for each grant funding source, allows for individual program assessment and monitoring of financial status, program performance, and compliance with program criteria.

Due to minimal federal guidance provided at the time of fund distribution to the county, the benefit criteria for each funding stream (i.e., maximum number of months) were not consistently detailed within the ERA grant subrecipient agreements. A reference to the guidance for program criteria was stated and subrecipients were expected to be aware and comply with the initial and revised federal guidance. Additionally, subrecipient processes did not effectively and efficiently support the subrecipients' ability to monitor and assess each program funding source individually with updated compliance requirements.

⁹ National Domestic Violence Hotline: [Violence Against Women Act \(VAWA\)](#)



Diversity, Equity, and Inclusion Data Collection Efforts

While there was limited guidance from the federal government on diversity, equity, and inclusion data requirements, general demographic data was collected to fulfill federal reporting obligations. The Social Services division continues to collect and consolidate program data to the extent the data was required by the federal program. When complete, data will be available to perform an analysis of the program's equitable delivery of emergency rental assistance services. Beyond required individual program reporting, the county does not appear to have comparable standards and criteria across programs or departments. This limits the county's ability to assess equity impacts and to support equity and inclusion data collection and analysis efforts. Opportunities exist to further improve countywide intentional equity and inclusion data collection and analysis efforts by establishing common data standards, data elements, definitions and reporting expectations to be applied throughout all county departments and offices.

General observations with a diversity, equity, and inclusion lens are depicted in Diagrams One through Four. It should be noted that due to the timing of the data collection, different methodologies and definitions used when compiling participant data, and exclusion of a subset in the population, the referenced total number of households receiving assistance may be different than the federally reported totals.

Diagram One shows the number of households receiving emergency rental assistance by race, and Diagram Two represents the distribution of the population in Clackamas County by race. While the comparison of both graphs will assist in developing a better understanding of which racial groups are receiving assistance in proportion to the general population, it should be noted that the population graph (Diagram Two) represents the county's total population distribution, not the population distribution of those living in eligible households in Clackamas County.



In both Diagram One and Two, the Latinx and Hispanic populations are not specifically identified in the graphs as this data, when collected, refers to race and not ethnicity. Opportunities exist to better capture the nuances in how households identify themselves, common data definitions, data collection methodologies, and countywide data reporting standards.

Diagram Three is based on Diagram One but adds one extra layer of detail – low-income households as defined by the U.S. Department of Housing and Urban Development. A low-income household earns less than 80% of the area median income, which is the household income for the “middle” household in a specific area.¹⁰ Participating low-income county households are classified into one of four categories, households earning:

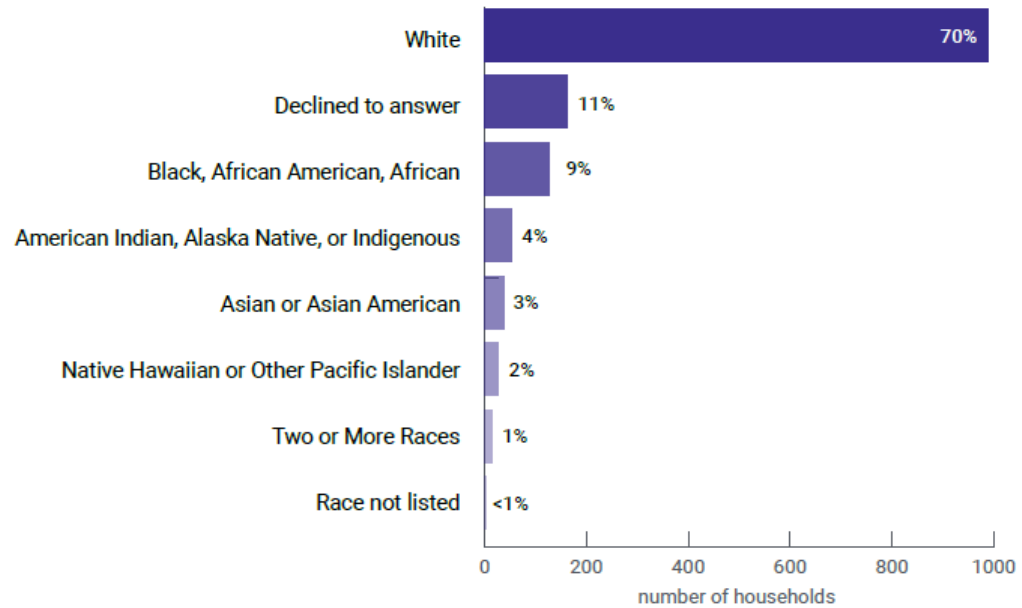
- 0–30 percent of the area medium income,
- 30–50 percent of the area medium income,
- 50–80 percent of the area medium income, and
- a low-level income that has yet to be determined and validated due to the extensive manual data entry required.

In total, more than half of the participants who received assistance fell into the zero to 30 percent area median income bracket. Households with an area median income greater than 80 percent are not eligible for the ERA Program.

Diagram Four shows in general where participants live. Gray circles indicate the number of households in that area, and population density is represented by the different shades of blue. Deeper shades of blue represent a more populated area.

¹⁰ Habitat for Humanity: [“What is AMI & Why Does It Matter?”](#), March 10, 2021

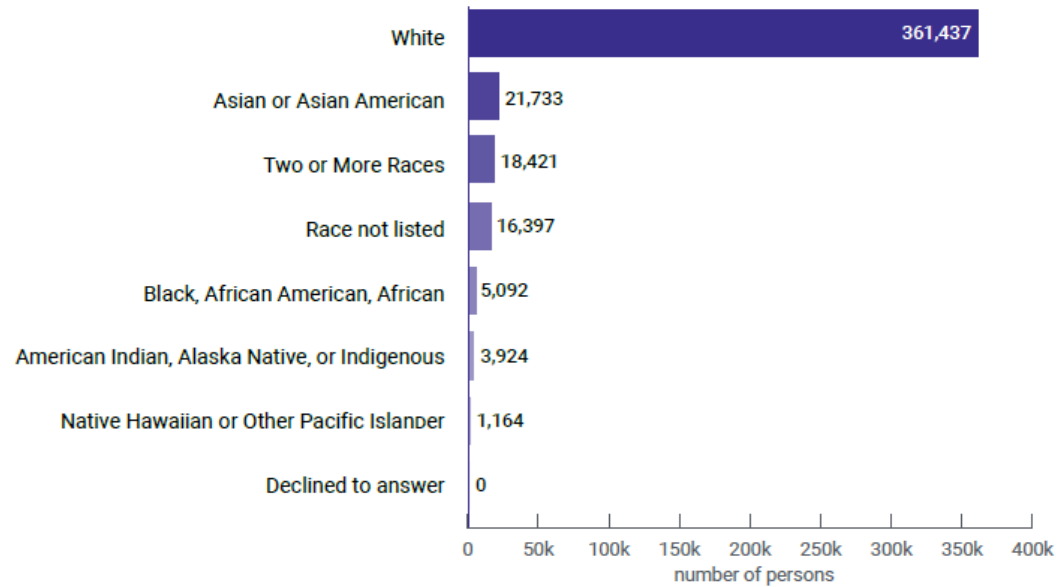
Diagram 1
**Distribution of ERA
 Program by Race**
as of Sept. 20, 2022



General distribution of Emergency Rental Assistance by race based on available data. Latinx or Hispanic ethnicity not identified or specifically represented.

Source: Office of County Internal Audit generated based on compilation of data provided by Social Services division of Health, Housing and Human Services as of September 2022. Not a final program presentation of the total number of households receiving assistance due to collection and reporting timing differences.

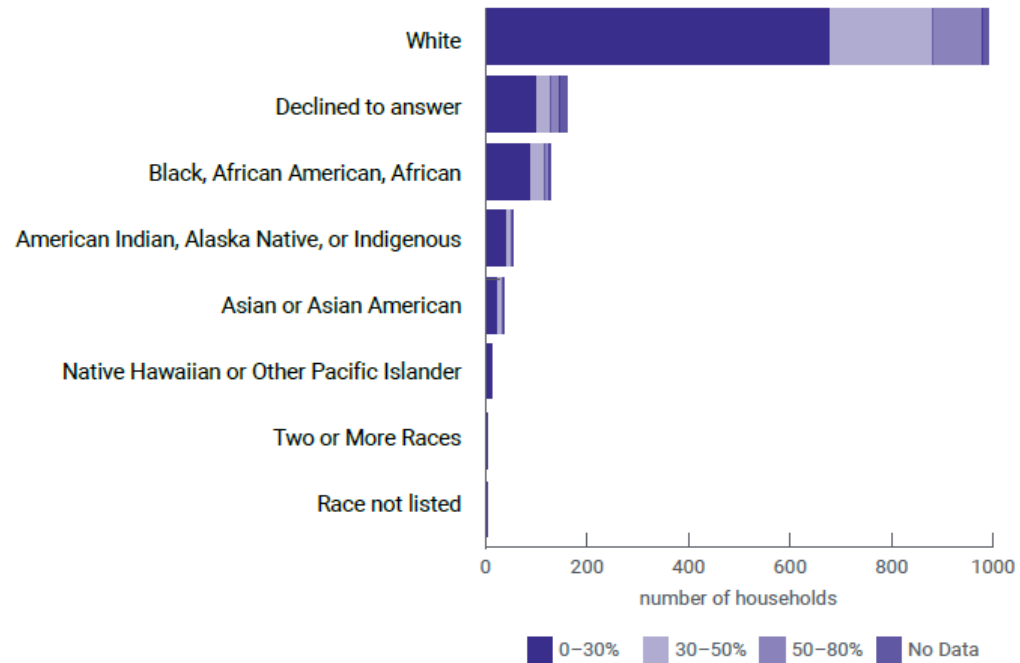
Diagram 2
**Clackamas
 County Population
 Distribution**



Total Clackamas County population, representing both Emergency Rental Assistance eligible and ineligible households, by race.

Source: [Blueprintclackamas.com](https://blueprintclackamas.com) as of November 9, 2022

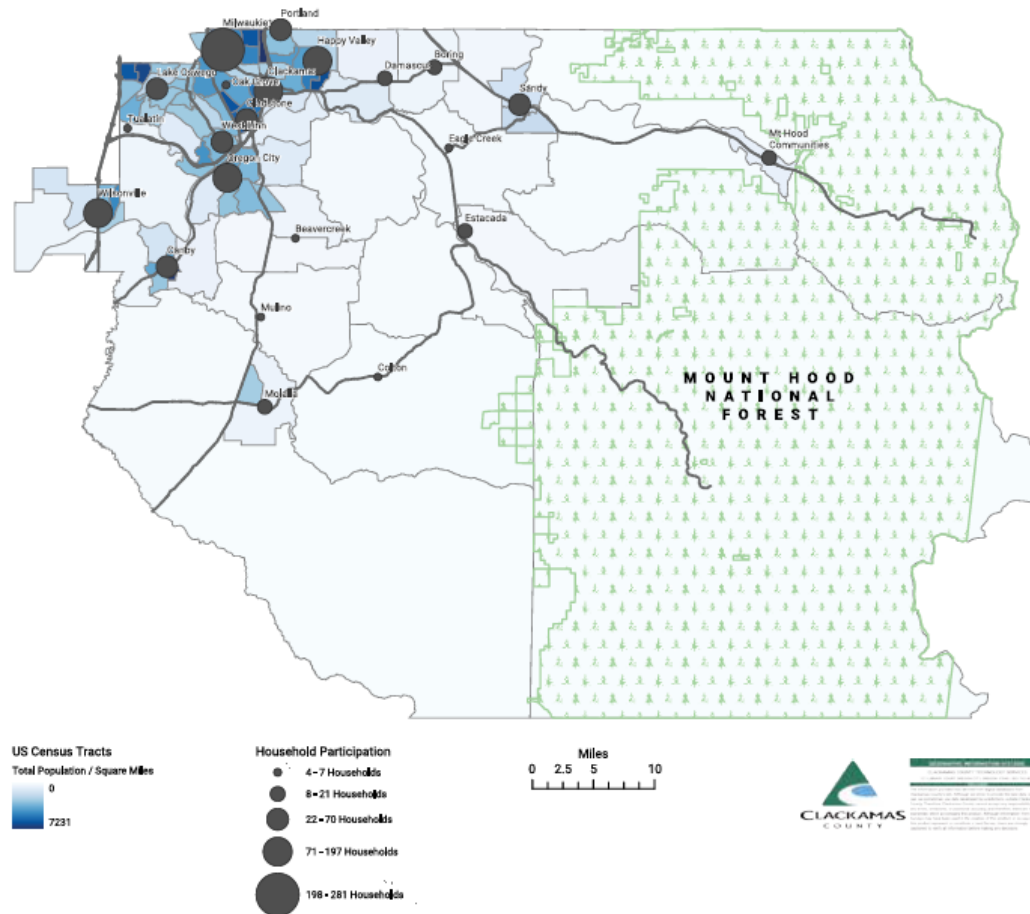
Diagram 3
**Area Median
 Income (AMI)
 Distribution by
 Race for All ERA
 Participants**
as of Sept. 20, 2022



Low-income households receiving Emergency Rental Assistance by income brackets. For all races, more than half of the households receiving financial assistance are earning zero to 30 percent area medium income.

Source: Office of County Internal Audit generated based on compilation of data provided by Social Services division of Health, Housing and Human Services as of September 2022. Not a final program presentation of the total number of households receiving assistance due to collection and reporting timing differences.

Diagram 4
**Rent Assistance
 Household
 Participation in
 Clackamas County**



Location of households receiving Emergency Rental Assistance. Majority of households receiving assistance are located within areas of higher population density.

Source: Clackamas County Geographic Information Systems division generated based on data provided by Social Services division of Health, Housing and Human Services as of September 2022 and compiled by the Office of County Internal Audit

V. Recommendations



Ensure the final payments to all subrecipients of the Emergency Rental Assistance program reflects compliance with the 18-month maximum criteria.

Recommendation

The Social Services division should coordinate with grant subrecipients to ensure compliance with the 18-month maximum criteria prior to closing the grant subrecipient agreements and authorizing final payments.

Management Response

CCSSD has been working closely with subrecipients to ensure compliance with both the ERA1 15 month maximum and the ERA1 plus ERA2 18 month maximum prior to closing the grant subrecipient agreement and authorizing final payments. Payments for every household who received rent assistance have been analyzed in detail as to the number of months paid. Final payment to subrecipients will only be issued after all compliance issues are resolved.

Going forward, CCSSD will work with subrecipients to provide clearer guidelines regarding how to account for maximum payment requirements in billing templates, and to provide technical assistance to ensure they have robust internal tracking systems regarding maximum levels of service.

All activities under this recommendation will be complete no later than June 30, 2023.



Enhance subrecipient agreements to clearly define all significant grant criteria.

Recommendation

The Social Services division should coordinate with the county Grants team to enhance grant subrecipient agreements to include clearly defined major criteria and expectations unique to the program.

Management Response

While the link to the Treasury Frequently Asked Questions (the source document providing guidance for ERA funds) was provided to the subrecipients with clear language about subrecipient responsibility to follow the guidance, CCSSD is in agreement that key points from source documents will be incorporated directly into future subrecipient agreements.

This activity will be ongoing as Social Services develops future agreements with community based organizations.

The issue of amending agreements to incorporate changes in funder guidance after agreements have been finalized will need to be addressed in future conversations with the county's grant management team. Those conversations will occur prior to April 27, 2023.



Require unique identifiers on all documents supporting services provided to participants impacted by the Violence Against Women Act.

Recommendation

The Social Services division should work with any subrecipients that retain confidential information to require a system of recording unique identifiers on all documents. This may include requiring that subrecipients establish systems which support a complete audit trail, accommodate effective monitoring of all eligibility criteria, and comply with the Violence Against Women Act. The Social Services division should coordinate with the County Counsel and the County Grants team to ensure language recognizing the relevance and impact of this act is included in associated subrecipient grant agreements.

Management Response

In April 2023, Erika Silver and Teresa Christopherson will engage with the county's primary service provider to domestic violence survivors in discussion about this recommendation.

She will then work with County Counsel and the county Grants team to look for a way that is compliant with the Violence Against Women Act language for subrecipients who are Victim Services providers to develop a system which supports a complete audit trail.

IV. Objectives, Scope, and Methodology



In accordance with the Clackamas County 2022 Audit Plan, the Office of County Internal Audit evaluated the Emergency Rental Assistance program, which includes ERA1 and ERA2 federal funding allocated to subrecipients. The program review addressed total funds disbursed as of June 30, 2022. The compliance review period was from January 1, 2021, to June 30, 2022. In compliance with federal legislation, a small subset in the population was excluded from some of the standard audit procedures as requirements limited certain information sharing and collection efforts.

County Internal Audit engagements are selected and designed to address high risk potential, while maximizing County Internal Audit resources and impact. Selection as a topic for an internal audit engagement does not mean the department is being managed ineffectively or policies and procedures are inadequate. It merely indicates that the services or functions the department is responsible for are, by nature, high priority activities with high-risk potential because of factors such as a large amount, or high degree, of:

- reported expenditures or revenues
- available liquid or sensitive assets, such as cash, technology or protected data
- potential risks identified by management
- public interest

General objectives for the Emergency Rental Assistance Program engagement – consistent with the county’s values, strategies, and objectives – were to

- independently assess the effectiveness of Clackamas County’s processes for validating eligible recipients
- identify opportunities to increase efficiency in delivering rent relief services to county residents
- assess the ability of the Emergency Rental Assistance Program’s design to monitor equitable service delivery



- advocate for continuous improvement through observations and recommendations
- create transparency for the county

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

- conducted interviews with team members in the Social Services division and other potential stakeholders
- reviewed the Social Service division policies and procedures
- reviewed the U.S. Department of the Treasury's frequently asked questions document for the Emergency Rental Assistance program
- performed walkthroughs on application and eligibility processes
- gathered a population of all payments made to recipients of Emergency Rental Assistance funding
- reviewed documentation and correspondence supporting recipient's eligibility status
- requested supporting documents (e.g., listing of recipients, check batch, listing of all payments) from subrecipients
- accessed the State-provided database and any trackers containing information about recipient's demographics, address, and any related information supporting an equity, diversity, and inclusion analysis
- analyzed results against identified criteria

VI. 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*¹¹

The Office does not fully conform to the Standards to the extent the Office has not yet received an external review. Obtaining an external peer review is one of the Office's performance goals.

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.

¹¹ <https://na.theiia.org/standards-guidance/mandatory-guidance/pages/standards.aspx>



Our Team

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

Contact Us

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2051 Kaen Road #460
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Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, June 14, 2023

Item #4
Information Security Program –
Report Presentation

Information Security Program:

Prioritizing cybersecurity resources and mitigation strategies is vital to ensuring the county's continued ability to serve

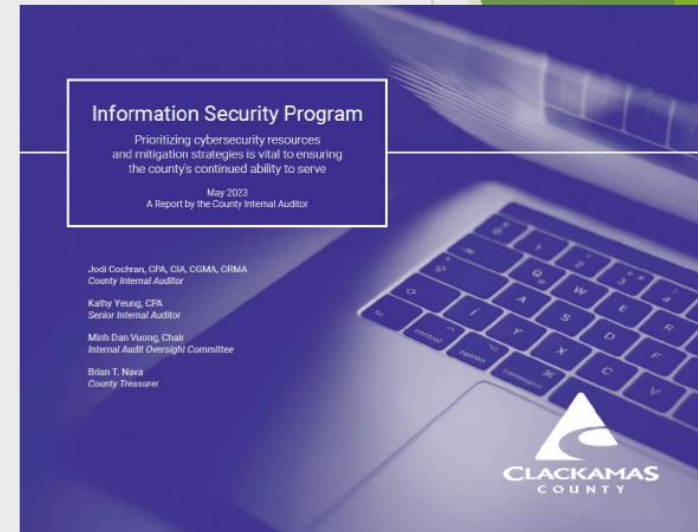
Report by the Office of County Internal Audit

1

Why the Audit is Important

A successful cyber attack could cripple, both financially and logistically, the county's ability to provide services and support our community.

- ▶ Cybercrime is increasing in frequency and is happening locally
- ▶ Stakeholders, partners, insurers and grantors are requiring higher information security standards
- ▶ The U.S. Department of Homeland Security has established a cybersecurity grant program for state, local and territorial governments - distributing \$1 billion to address cybersecurity risks and threats



What We Found

The county has significant room for growth within the minimum cybersecurity standards in both practice and policy.

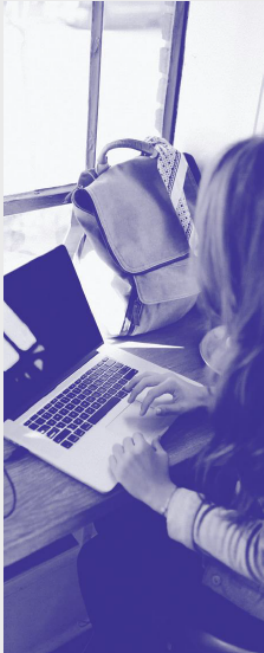


- ▶ What is working
 - ▶ The “old” approach to security was sufficient to mitigate the “old” risks to security
 - ▶ Both the county and the Technology Services department recognize the need for a mature information security program
 - ▶ The Technology Services department has identified a framework to assess and guide the county’s information security posture
- ▶ What is creating barriers/challenges
 - ▶ The risks to information and access are evolving quicker than the county’s security approach
 - ▶ The county’s information security program lacks dedicated information security resources to meet expanding threats
 - ▶ The county lacks a fully developed and implemented IT Security Strategic Plan

3

What We Recommend

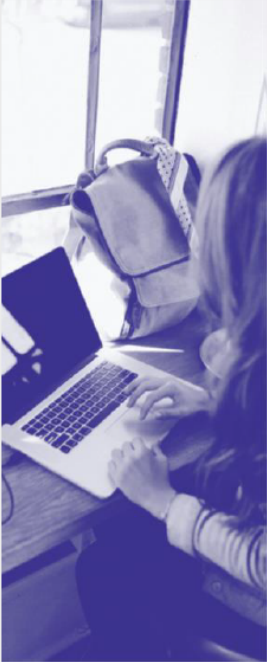
Five recommendations were made to develop and strengthen the county's technology infrastructure and cybersecurity posture



- 1 Address identified vulnerabilities
- 2 Increase capabilities and capacity to detect, identify, protect, recover and respond to information security threats
- 3 Develop information security strategies, resources, policies and procedures which align with industry standards and best practices

What We Recommend

Five recommendations were made to develop and strengthen the county's technology infrastructure and cybersecurity posture



4

Use low-cost cybersecurity resources federally funded by the U.S. Cybersecurity and Infrastructure Security Agency and available through the Multi-State Information Sharing and Analysis Center

5

Leverage cybersecurity grant opportunities

What is Being Done

The Technology Services department agrees with all five recommendations. Short- and long-term implementation efforts have been identified.



- ▶ A prioritized roadmap of security projects will address identified vulnerabilities, beginning in FY23/24
- ▶ An IT Security Strategic Plan will be finalized in FY23/24
- ▶ The long-term strategy of establishing a TS Security Manager with a team of dedicated security professionals will be pursued

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, June 14, 2023

Item #5
Information Security Program,
Public Report #2022-05

Information Security Program

Prioritizing cybersecurity resources
and mitigation strategies is vital to ensuring
the county's continued ability to serve

May 2023
A Report by the County Internal Auditor

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

Kathy Yeung, CPA
Senior Internal Auditor

Minh Dan Vuong, Chair
Internal Audit Oversight Committee

Brian T. Nava
County Treasurer



Translation 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 or via phone at 503-742-5983.

La Oficina de Auditoría Interna del se compromete a brindar un acceso significativo a los usuarios del informe. Para obtener adaptaciones, traducciones o información adicional, contáctenos por correo electrónico a ocia@clackamas.us o por teléfono al 503-742-5983.

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 或拨打 503-742-5983 与我们联系。

Офис окружного внутреннего аудита стремится к предоставлению реального доступа пользователям отчета. Для услуг по размещению и переводу, а также за дополнительной информацией вы можете связаться с нами по электронной почте ocia@clackamas.us или телефону 503-742-5983.

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

Управління внутрішнього контролю округу прагне забезпечити повноцінний доступ до звіту для осіб, які звертаються за ним. З питань щодо розміщення, перекладів або отримання додаткової інформації, будь ласка, напишіть нам на електронну пошту ocia@clackamas.us або зателефонуйте за номером 503-742-5983.

Public Report

Vulnerable to cybersecurity attacks, local governments face damaging financial, operational and social impacts.

President Biden stated in the March 2, 2023, White House release of the National Cybersecurity Strategy, “Cybersecurity is essential to the basic functioning of our economy, the operation of our critical infrastructure, the strength of our democracy and democratic institutions, the privacy of our data and communications, and our national defense.”

Prioritizing cybersecurity resources and mitigation strategies is vital to ensuring the county’s continued ability to serve.

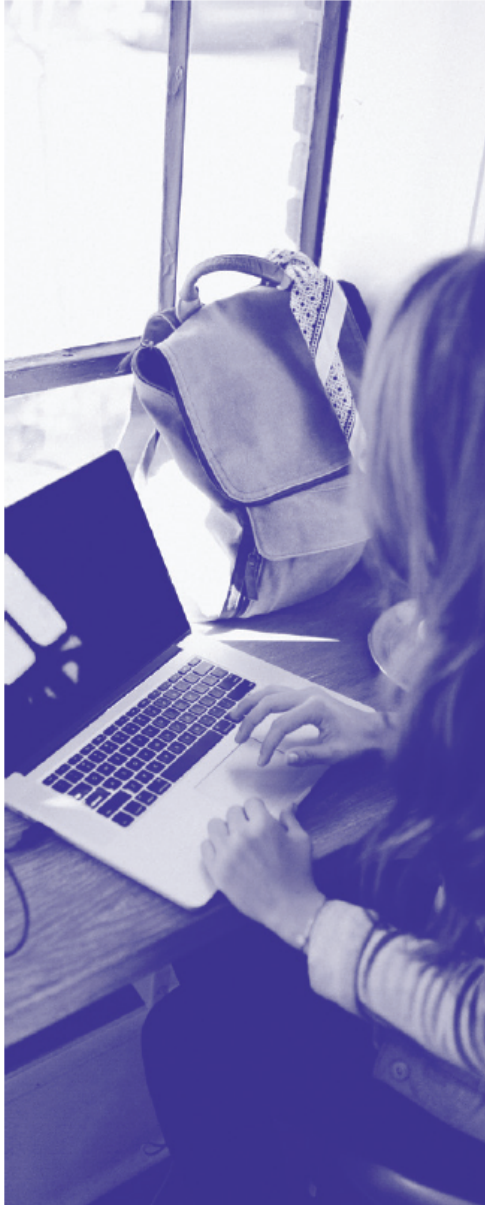
An inadequate cybersecurity strategy continues to be among the top identified risks facing organizations. Cybercrime is criminal activity targeting or using a computer, a computer network or a networked device.¹ The global average annual cost of cybercrime was estimated at \$8.4 trillion in 2022. It is anticipated to reach \$20 trillion by 2026.² These crimes include theft and damage to both data and data systems. According to an independent study by the Ponemon Institute, the average cost of a data breach, globally, in 2022 was \$4.35 million. Large and small data breaches often go undetected for months and may take months to contain once detected. The 2022 average cost of a ransomware system breach was \$4.54 million, slightly higher than the average cost of a data breach.³ Clackamas County’s Risk Management team has indicated the cost of insurance coverage for such incidents continues to rise, adding to the financial risk assumed by the county.

Such an attack can cripple, both financially and logistically, a local government’s ability to provide services and support to its community. For those attacking local governments, the goal is not necessarily financial reward but disrupting society at the local level. Disruptions in county and city operations can shake confidence in local government and potentially endanger residents. Since 2019, publicly acknowledged

1 Kasperksy, [Resource Center](#)

2 Statista, [Ani Pertosyan, Dec. 2, 2022](#)

3 IBM-Ponemon Institute, [2022 Cost of Data Breach report](#)



cybercrimes against Oregon local governments have impacted Curry, Tillamook and Linn counties; the cities of Oregon City, Portland, St Helens, Keizer and Albany; Portland and Centennial school districts; and more. The number of undetected or unreported attacks is unknown. A recent survey coordinated through the International City/County Management Association indicated that nearly one-third of U.S. local governments would be unable to tell if they were under attack in cyberspace.⁴

Recent legislation at the national and state levels, like the State and Local Government Cybersecurity Act of 2021, attempt to develop and strengthen national, state and local technology infrastructure postures. On September 16, 2022, the U.S. Department of Homeland Security announced a first-of-its-kind cybersecurity grant program specifically for state, local and territorial governments across the country. This grant program will distribute \$1 billion over four years to help eligible entities address cybersecurity risks and threats to state, local and territorial governments' information systems.⁵

Clackamas County cybersecurity assessment

In collaboration with the county's Technology Services department, the Office of County Internal Audit assessed the maturity of the county's information security program relative to the cybersecurity Critical Security Controls developed by the Center for Internet Security.⁶ The assessment of the county's information security program established a maturity baseline framed by the Center for Internet Security Critical Security Controls.

4 Richard Forno, University of Maryland, Baltimore County, [The Conversation](#)

5 U.S. Cybersecurity and Infrastructure Security Agency, [CyberGrants](#)

6 Center for Internet Security, [Critical Security Controls V8](#)



The public distribution of specific engagement methodologies, observations, recommendations and management responses would increase the county's cybersecurity risks. In accordance with Oregon Revised Statutes⁷, generally accepted government auditing standards⁸ and the *International Standards for the Professional Practice of Internal Auditing*⁹, this information will be kept confidential.

Recommendations

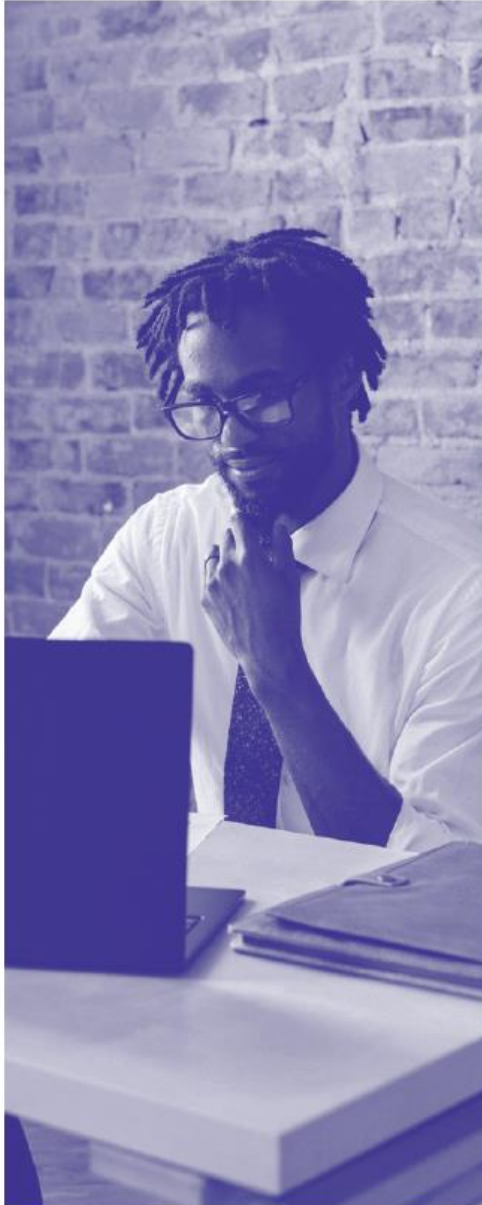
In supporting the development and strengthening of the county's technology infrastructure and cybersecurity posture, areas for improvement were identified and communicated to county leadership. It is recommended the county, through its Technology Services department, continue:

- addressing identified vulnerabilities
- increasing capabilities and capacity to detect, identify, protect, recover and respond to information security threats.
- developing information security strategies, resources, policies and procedures which align with industry standards and best practices.
- using low-cost cybersecurity resources federally funded by the U.S. Cybersecurity and Infrastructure Security Agency and available through the Multi-State Information Sharing and Analysis Center.
- leveraging cybersecurity grant opportunities.

⁷ Oregon Revised Statute (ORS) 192.345(23), Public records conditionally exempt from disclosure https://oregon.public.law/statutes/ors_192.345; ORS 192.355(1) Internal advisory opinions; ORS 192.355(33)(C) Information about review or approval of programs relating to the security of data transmission by whatever means provided https://oregon.public.law/statutes/ors_192.355.

⁸ United States Government Accountability Office, Government Auditing Standards 9.61 – 9.67, Reporting Confidential or Sensitive Information www.gao.gov/yellowbook

⁹ Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing, [Code of Ethics Principle 3: Confidentiality](#)



The county's Technology Services management team agreed with the recommendations made and continues to implement policy and process improvements.

Future comparisons with the initial assessment will demonstrate how well the county is:

- implementing its responses
- continuing to mitigate risks
- committing to a robust cybersecurity strategy
- achieving the county's vision of an acceptable information security environment

The Office of County Internal Audit will monitor implementation efforts and provide status updates to County leadership and residents.

Collaborative, proactive efforts

Members of the county's Technology Services department contributed extensive amounts of time and effort to provide access to the information and data reviewed. These contributions significantly supported the engagement's completion and timeliness. Throughout the engagement, the Technology Services team demonstrated the county's core values, SPIRIT, and modeled a commitment to building public trust through good government.

Special thanks to Kevin Galusha, Chris Fricke, Linu Parappilly, and the Technology Services team for their contributions and support; and Mark McBride and Dylan Blaylock with the Public and Government Affairs department for their assistance in the report design, formatting, and conducting post-audit administrative tasks.

About the Office of County Internal Audit



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Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, June 14, 2023

Item #6
2022 Audit Plan –
6.14.2023 Status Update



2022 Audit Plan

Assurance & Advisory Engagements – Status update

June 14, 2023

Engagements	Status	Hours – Budget Actual Estimates	Notes
Finance - Contract administration	Complete	440* 460	Report issued May 26, 2022. Management agreed with 3/3 recommendations offered. *Total engagement budget – Engagement started in 2021 (320 hours) to be completed in 2022 (120 hours).
NCPRD Governance	Complete	200* 210	Advisory engagement requested by management; Management Letter dated June 30, 2022; Management agreed with 10/10 recommendations offered. *Engagement hours (200) budgeted within Management Requests budget of 320 hours in total.
2022 Annual risk assessment	Complete	200 80	Risk assessment complete. Results reviewed March 8, 2023.
2022 Audit monitoring	Complete	80 80	Monitoring activity complete; Results reviewed March 8, 2023; Target report date – March 2023
H3S SSD– Emergency Rental Assistance Program	Complete	420 510	Report issued March 2023. Management agreed with 3/3 recommendations offered.
TS – Information Security Program Maturity	Complete	320 280	Public and confidential reports, as well as a confidential management letter, completed in May 2023, issued June 2023. Management agreed with 5/5 recommendations offered.
2022 County Financial Condition Analysis	In progress	240* 210	Fieldwork complete; Draft report in final quality review; Target report – June 2023 *Adjusted budget hours
Equity & Inclusion Office – ADA & Civil Rights Program	In progress	320 120	Survey work completed; Engagement Letter issued January 5, 2023; Fieldwork in progress; Target report / management letter – June 2023
BCS Economic Development – ARPA Small Business Recovery Assistance Program	Paused	80* 80	Survey work completed; Engagement Letter issued May 02, 2022; Fieldwork paused due to cancelation of program; Board considering alternatives uses of ARPA funds; Final engagement decision to be determined during 2023 Audit Planning process. *Adjusted budget hours
H3S Health Centers – Service delivery and transactions	Not started	420 0	

Clackamas County
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Item #7
Quality Assurance and Improvement Plan –
6.14.2023 Status



Quality Assurance and Improvement Program

Status update
June 14, 2023

QAIP Goals & Activity	Status	Notes
County Code	Complete	County Ordinance #05-2020 - September 23, 2020
IAOC Handbook*	Complete	IAOC onboarding tool; updated January 2023
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.
Hotline governance	Complete	Annual summary reports published; Governance and control processes being reviewed and revised to reflect new structure adopted in 2021.
OCIA Charter	Complete	Next annual review – Target October 2023
IAOC Charter	Complete	Next annual review – Target October 2023
IAOC Composition	Complete	Composition includes community membership – One vacancy. Recruitment closed May 1, 2023. Six applications received. Interviews to be scheduled.
OCIA Classification Series and Resources*	Complete	Outstanding Senior Internal Auditor joined the team in July 2021! Development of County Internal Audit professional classification series completed December 2022; Preliminary alignment with industry standards and Oregon market.
OCIA Policy and procedure manual*	In progress	To be addressed in 2022/2023; completion planned in preparing for peer review.
External Quality Assessment Review - Peer review*	In planning stage	Contract Target 2023; Coordinating with State of Oregon Chief Audit Executive Council to participate in state reciprocal activity.
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.	
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.	
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.	
IPPF 1320	The CAE communicates the results of the external assessment to the IAOC and the status of recommendations.	
IPPF 1320	The CAE communicates the results of the external assessment to senior management.	
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.	
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 taking action.	
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.	
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.	
IPPF 1210.A2	The CAE addresses with the IAOC the sufficiency of fraud detection and investigation resources within the Office of County Internal Audit.	
IPPF 1210.A3	The CAE addresses with the IAOC the sufficiency of information technology auditing resources within the Office of County Internal Audit.	
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 – issuing an annual assessment report.	

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, June 14, 2023

Item #8
FY23-24 Audit Plan Presentation



Proposed FY23-24 Audit Plan

Internal Audit Oversight Committee

June 14, 2023

FY23-24 Audit Plan presentation topics

- ▶ Office of County Internal Audit role and responsibilities
- ▶ IAOC role and responsibilities
- ▶ 2022 risk assessment results
- ▶ Proposed FY23-24 audit plan
- ▶ Audit engagement evaluation criteria
- ▶ Proposed FY23-24 audit engagements
- ▶ Recommended IAOC action

Office of County Internal Audit role and responsibilities

- ▶ Perform and document an annual countywide risk assessment, incorporating input from the IAOC, BCC and County management
- ▶ Prepare and present to the IAOC an audit plan which adds value to the County and represents a risk-based prioritization of County Internal Audit resources
- ▶ Execute adopted audit plan

Internal Audit Oversight Committee role and responsibilities

- ▶ Review the audit plan and provide feedback, considering:
 - the organizational independence of the Office of County Internal Audit,
 - the objectivity of the County Chief Audit Executive and staff,
 - the potential for resource limitations or barriers to audit work, and
 - the evaluation criteria for individual proposed audit engagements.
- ▶ Adopt the audit plan
- ▶ Monitor progress of audit plan execution

2022 Risk assessment results

Based on the 2022 risk assessment analysis, the County offices and departments* facing the highest risk potential include:

- ▶ Business and Community Services^
- ▶ County Administration
- ▶ County Clerk
- ▶ Clackamas County Sheriff's Office
- ▶ District Attorney
- ▶ Finance
- ▶ Health, Housing & Human Services
- ▶ Technology Services
- ▶ Transportation & Development
- ▶ Water Environment Services

• Presented alphabetically

^ Old Line of Business description – based on FY22COA

Proposed FY23-24 Audit plan

Proposed FY23-24 Audit Engagements

- County Administration: County Courthouse Construction Project
- Clackamas County Sheriff's Office: Jail Operations
- Clackamas County Clerk: Elections Audit Status Update
- Health, Housing & Human Services Housing Authority of Clackamas County: Affordable Housing Bond Program
- Finance: Asset Management

- ▶ Six audit engagements, including the completion of the 2022 Civil Rights engagement
- ▶ Five County departments addressed; potential broader impacted through observations and lessons learned
- ▶ 32% of available resources focused on advisory activities and daily collaboration
- ▶ Themes: Public safety; election integrity; homelessness; frontline community / public service; stewardship of public funds

Audit engagement evaluation criteria

In compliance with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (IIA Standards)

The engagement:

- ▶ **Is risk-based** – Engagements represent high or moderate risk areas based on the annual risk assessment (IIA Standards 2000 & 2100)
- ▶ **Supports County Strategic Priorities** – Engagement supports one of the five County strategic priorities, one of 10 BCC goals, and/or a department's mission (IIA Standards 2000 & 2100)
- ▶ **Emphasizes public services and community impact** – Engagement supports assessment of the availability, quality and equitable delivery of public services (IIA Standards 2000 & 2100)
- ▶ **Considers comprehensive coverage of County services and operations** – Engagement supports long-term goal of County Internal Audit interaction, assessment and impact within all County departments and divisions (IIA Standards 1300, 2000 & 2100)
- ▶ **Optimizes County Internal Audit resources** – County Internal Audit resources are adequate to conduct the engagement in a timely manner. County Internal Audit possesses the skills, knowledge, independence and objectivity to conduct the engagement. (IIA Standards 1100, 1200 & 2030)

Proposed FY23-24 engagement County Administration: County Courthouse Construction Project

Evaluation standards:

- Risk-based
 - Supports County strategic priorities
 - Emphasizes public services and community impact
 - Considers comprehensive coverage of County services and operations
 - Optimizes County Internal Audit resources
- ▶ Risk score: 511 (High)
 - ▶ Strategic priority: Ensure safe, healthy and secure communities; Build public trust through good government
 - ▶ Significant financial investment and commitment
 - ▶ High public profile project
 - ▶ Staff qualified to apply professional analytics; No resource barriers

Proposed FY23-24 engagement Clackamas County Sheriff's Office: Jail Operations

Evaluation standards:

- Risk-based
- Supports County strategic priorities
- Emphasizes public services and community impact
- Considers comprehensive coverage of County services and operations
- Optimizes County Internal Audit resources

- ▶ Risk score: 566 (High)
- ▶ Strategic priorities: Ensure safe, healthy and secure communities; Build public trust through good government
- ▶ High inherent risks
- ▶ Not previously audited
- ▶ Management requested engagement; Staff qualified to apply professional analytics; No resource barriers

Proposed FY23-24 engagement Clackamas County Clerk: Elections Audit Status Update

Evaluation standards:

- Risk-based
- Supports County strategic priorities
- Emphasizes public services and community impact
- Considers comprehensive coverage of County services and operations
- Optimizes County Internal Audit resources

- ▶ Risk score: 442 (High)
- ▶ Strategic priority: Build public trust through good government
- ▶ Direct impact on public trust in government structure and systems
- ▶ New Clerk responding to previous audit recommendations
- ▶ Management requested engagement; Staff qualified to apply professional analytics; No resource barriers

Proposed FY23-24 engagement H3S Housing Authority of Clackamas County: Affordable Housing Bond Program

Evaluation standards:

- Risk-based
 - Supports County strategic priorities
 - Emphasizes public services and community impact
 - Considers comprehensive coverage of County services and operations
 - Optimizes County Internal Audit resources
- ▶ Risk score: 502 (High)
 - ▶ Strategic priority: Ensure safe, healthy and secure communities; Build public trust through good government
 - ▶ Availability of, and access to, low-cost, quality housing
 - ▶ Continuation of multi-stage audit approach designed to support long-term project
 - ▶ Leveraging previously acquired knowledge; Staff qualified to apply professional analytics; No resource barriers

Proposed FY23-24 engagement Finance: Asset Management

Evaluation standards:

- Risk-based
- Supports County strategic priorities
- Emphasizes public services and community impact
- Considers comprehensive coverage of County services and operations
- Optimizes County Internal Audit resources

- ▶ Risk score: 453 (High)
- ▶ Strategic priorities: Build public trust through good government
- ▶ Potential increased risks associated with changing work environment supported by outdated controls
- ▶ Has not been audited
- ▶ Staff qualified to apply professional analytics; No resource barriers

Recommended IAOC action

Proposed FY23-24 Audit Engagements

- County Administration: County Courthouse Construction Project
- Clackamas County Sheriff's Office: Jail Operations
- Clackamas County Clerk: Elections Audit Status Update
- Health, Housing & Human Services Housing Authority of Clackamas County: Affordable Housing Bond Program
- Finance: Asset Management

▶ Approve FY23-24 Audit Plan as proposed

Clackamas County
Internal Audit Oversight Committee
Meeting Materials
Wednesday, June 14, 2023

Item #9
2022 Risk Assessment and
Proposed FY23-24 Audit Plan

2022 Risk Assessment FY23-24 Internal Audit Plan



June 2023

Prepared by:
Jodi Cochran, CPA, CIA, CGMA, CRMA
County Internal Auditor

This 2022 County risk assessment and FY23-24 audit plan was presented to and received by the Clackamas County Internal Audit Oversight Committee June 14, 2023.

The FY23-24 Office of County Internal Audit audit plan for the period of July 1, 2023, to June 30, 2023, was adopted by the Clackamas County Internal Audit Oversight Committee June 14, 2023.

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FY23-24 County Internal Audit Plan

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Executive summary

The Office of County Internal Audit performs an assessment of Clackamas County's governance, risk management, and control processes, as required by audit standards. These standards require we evaluate the adequacy and effectiveness of these processes and inform management and the Clackamas County Internal Audit Oversight Committee (Committee) of the assessment results. This evaluation reflects the Chief Audit Executive's professional observations and judgement and is based on the work performed during the year's assurance and consulting engagements, as well as during the annual risk assessment.

In addition to informing management and the Committee about the adequacy and effectiveness of governance, risk management, and control processes, the annual county risk assessment supports development of the County Internal Audit audit plan (the plan). The risk-based plan is established to define annual County Internal Audit priorities, consistent with, and supporting, the county's goals and strategic initiatives.¹

The top areas of risk organizations are expected to face in 2023, mirroring risks identified in 2022², include cybersecurity; diversity, equity and inclusion; talent management; succession planning and business continuity. Considering these trends, past audits, and this county annual risk assessment, County Internal Audit recommends the FY23-24 audit plan allocate services to the following prioritized organizational areas and operational topics:

- County Administration: County Courthouse Construction Project Management
- Clackamas County Sheriff's Office: Jail Operations (Management request)
- County Clerk: Elections Audit Status Update (Management request)
- Health, Housing & Human Services - Housing Authority of Clackamas County: Affordable Housing Bond Program Status Update
- Finance: Asset Management

¹ International Standards for the Professional Practice of Internal Auditing (Standards): [Standard 2010 – Planning](#)

² Based on industry surveys and evaluations; Institute of Internal Auditors *OnRisk 2022*; Schneider Downs *Top Risks to Consider in 2022*; AuditBoard *Critical Risk Areas for Audit Efforts in 2022 and Beyond*; Audit Beacon *Risk in Focus*; Deloitte *Internal Audit Risks and Opportunities for 2022*

2022 Risk assessment

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

The Office of County Internal Audit conducts an annual risk assessment to identify, analyze and evaluate potential risks to the county's ability to achieve its objectives. Professional standards³ require County Internal Audit establish a systematic, risk-based approach to determine the priorities for internal audit activities. County Internal Audit conducted the 2022 risk assessment to provide insight to county leadership and to aide in the allocation of County Internal Audit resources.

County Internal Audit established a risk assessment methodology, based on industry standards and best practices⁴. Auditable units were identified (Exhibit C). Risk criteria were defined and used in determining an overall risk score for each potential auditable unit (Exhibit B). The results were sorted to identify those auditable units with the highest risk scores (Exhibit A).

A risk is the potential of an event happening that could impact the county's ability to achieve its objectives. A high-risk score generally indicates if something were to go wrong it could have a significant impact. A high-risk score does not mean an auditable unit is being managed ineffectively or internal controls are inadequate. A unit with a high-risk score merely indicates that the services or functions it is responsible for are, by nature, high priority activities with high-risk potential because of factors as:

- having a large amount of expenditure or revenues.
- having a high level of sensitive or liquid assets, such as cash.
- management's assessment of the control environment.
- a high degree of public interest.

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

Based on the 2022 risk assessment analysis, the county offices and departments facing the highest risk potential include⁵:

- Business and Community Services,
- County Administration,
- County Clerk,
- Clackamas County Sheriff's Office,
- District Attorney,
- Finance,
- Health, Housing, and Human Services,
- Technology Services,
- Transportation and Development, and
- Water Environment Services.

³ International Standards for the Professional Practice of Internal Auditing (Standards): [Standard 2010 – Planning](#)

⁴ Wright, Rick; The Internal Auditor's Guide to Risk Assessment; IIA, 2018

⁵ Departments listed alphabetically. Complete 2022 Risk assessment results provided at Exhibit A

Areas of high-risk potential:

BCS, County Administration, County Clerk, CCSO, DA, Finance, H3S, TS, DTD and WES

County Internal Audit scored risk for each auditable unit by receiving input from key stakeholders; evaluating unit complexity; assessing how the county would be impacted if a detrimental event were to occur in the unit; recognizing the unit's revenues and expenditures; considering the unit's direct involvement with county strategic initiatives; and applying professional judgment.

Information learned while providing County Internal Audit assurance and consulting services contributed to the identification and compilation of risk areas considered as audit plan topics for the auditable units facing the highest risks. County Internal Audit also considered any recent unit change or any residual risk due to past audit findings or known deficiencies. Results of the risk interviews and the 2021 departmental self-evaluations in the areas of control environment, risk assessment, control activities, information & communication, and monitoring activities played a part, as well, in the evaluation.

Audit topics were selected for the FY23-24 audit plan based on high risk level; auditability; County Internal Audit familiarity; County Internal Audit resource availability; and the county's risk awareness, culture, and appetite. Both the selected and remaining risk topics identified provide the evolving foundation for future annual risk assessments and the ongoing County Internal Audit strategic audit plan.

FY23-24 Audit Plan

Proposed FY23-24 County Internal Audit audit plan with general time estimates

The Office of County Internal Audit is comprised of the County Internal Auditor and one Senior Internal Auditor. The County Internal Auditor reports functionally to the Internal Audit Oversight Committee, responsible for reviewing the proposed County Internal Audit projects and jointly establishing priorities for the strategic audit plan, and administratively to the County Treasurer. The County Internal Auditor prepares this report for the committee's review and adoption. A total of 4,160 audit hours are available for this plan for the fiscal year 2023-2024.

No significant impairments, in fact or appearance, to County Internal Audit's independence or objectivity have been noted in the prior year or are anticipated during the coming year.

Assurance and advisory engagements		
County Administration – Title II & Title VI compliance ⁶	40	
County Administration – Courthouse Construction Project	480	
Clackamas County Sheriff's Office – Jail Operations	480	
Clackamas County Clerk – Elections Status Update	120	
Housing Authority – Affordable Housing Status Update	360	
Finance – Asset Management	120	
Open audit recommendation monitoring	120	
Total assurance hours		1720
Advisory activities		
Meetings and team participation ⁷	540	
2023 Risk Assessment ⁸	320	
Management requests (including county Good Government Hotline and external audit coordination/facilitation)	480	
Total consulting hours		1340
Administration ⁹	820	
QAIP ¹⁰	280	
Total administration hours		1100
Total available hours		4160

⁶ Engagement adopted in 2022 Audit Plan; engagement started in 2022 and completed in FY23-24.

⁷ BCC, EMT, EMT retreats, Quarterly Management Meetings, Finance Liaison, Information Security Committee, and Policy Committee. Periodic attendance at Strategic Implementation Team meetings; Advisory activities as requested by management

⁸ Risk assessment activity is required by standards. County risk assessment approach and process includes risk management awareness, risk education, and risk culture development.

⁹ Includes vacation; sick leave; training; Internal Audit Oversight Committee coordination and training; annual reporting; engagement with PNW ALGA, IIA Portland chapter of the Institute of Internal Auditors, and statewide CAE community; and staff management and administration of the audit function. (Estimated at 20% of available time, including 824 potential leave hours and 80 required training hours.)

¹⁰ County's internal audit function follows the IIA Standards, which require an ongoing Quality Assurance and Improvement Program, including an external quality assurance review (QAR) every five years. County's first QAR has a target date of 2023. Allocated hours for County Internal Audit QAIP development, implementation, preparation for external review, and ALGA Peer Review program.

FY23-24 Assurance and Advisory engagements

County
Administration

County
Courthouse
Construction
Project

Focus of
Public Safety

The existing Clackamas County courthouse in downtown Oregon City was completed in 1937 at a time when the county's population was approximately 50,000 residents, and originally housed only 3 courtrooms and the offices of the County Clerk, the Sheriff, the county Jail and the District Attorney, all of whom have vacated except for the District Attorney. The courthouse configuration has not changed in the 85 years since and cannot adequately handle the services required by a population of more than 410,000 residents. The courthouse is old and obsolete to the point that it cannot be retrofitted to operate by modern standards, certain parts are inaccessible to people with disabilities, and most of the equipment that is in use is well beyond its useful life and costly to maintain.

In May 2021, the Board of County Commissioners authorized a resolution (No. 2021-27) indicating its support of the project to replace the existing courthouse, and granting an exemption from the standard procurement process in lieu of a competitive proposal process to obtain a Public Private Partnership project company to deliver the project.

The Oregon Courthouse Capital Construction Improvement Fund provides a path to assist the county financially with the replacement of its current courthouse facility. On June 23, 2021, the State legislature authorized the issuance of \$94.5 million in state bonds to cover the State's contribution towards the projected capital costs of the new courthouse. This amount was in addition to the \$1.2 million that had been previously authorized by the state to assist with initial planning and procurement costs associated with the project.

On July 7, 2022, the Board adopted an order authorizing a project agreement with a special purpose entity formed by Fengate PCL Progress Partners for the Clackamas County Courthouse Replacement Project. The total project cost is approximately \$313 million. The county anticipates that the future county courthouse will be funded using a combination of local funds from the county's general fund, and matching funds from the State of Oregon. It is anticipated that state contributions will total \$156 million, including an additional \$61 million request above the \$94.5 million issued due to higher-than-projected costs. The total county cost of the project, the balance remaining after any state contribution, is currently estimated to be approximately \$158 million. The county is budgeting for annual cash payments to meet its obligations.¹¹

An audit engagement of the courthouse construction project will assess the county's project governance structure and its readiness to successfully manage the project in meeting design, financial and timing expectations and mitigating common construction risks. Significant construction risk areas to be considered include safety hazards, change orders, inadequately defined scope, unknown

¹¹ County staff report dated July 7, 2022 recommending adoption of an Order authorizing a project agreement for the design, construction, partial financing, operation and maintenance of the Clackamas County Circuit Courthouse

site conditions, inadequately written contracts, unexpected increases in material costs, labor shortages, and site damage or theft. This engagement will support the Board of County Commissioners' strategic priorities of ensuring a safe, healthy and secure community and building public trust through good government.

Clackamas County Sheriff's Office	The first public building in Oregon was a jail – the first jail west of the Rocky Mountains. The two-story, 18 feet square wood building was built in Oregon City. The Clackamas County Jail was constructed in its current Oregon City location in 1959. After multiple remodels, the jail capacity has grown from 86 inmates in 1959 to over 430.
Jail Operations (Management Request)	The Clackamas County jail books and processes approximately 16,000 offenders annually. It employs 127 full- and part-time employees who provide a variety of services. In addition to closed-facility residential services, the Sheriff's Electronic Home Detention program monitors offenders remotely using electronic ankle bracelets.
Focus on Public Safety	<p>The jail provides offenders with AA/NA meetings, religious services, adult basic-education and life-skills opportunities, and an inmate law library.</p> <p>The jail spends approximately \$12,000 per month for inmate medications. The majority of this cost is for psychotropic medications serving the 18-20% average daily inmate population who suffer from mental health issues.</p> <p>The jail's kitchen serves roughly 36,000 meals per month. The average food cost alone per meal is \$0.91.¹²</p> <p>An audit engagement of the county's jail operations will provide assessment and assurance addressing potential public safety risks. Among the potential audit topics are risks associated with medication administration, the federal Prison Rape Elimination Act, victim communications and notifications, suicide prevention, and the use of isolation or segregation within the population. This engagement will support the Board of County Commissioners' strategic priorities of ensuring a safe, healthy and secure community and building public trust through good government.</p>
County Clerk's Office	Oregon, the first state to administer all elections entirely by mail, has been enhancing the Vote-By-Mail process for over two decades. As of June 2023, eight states allow all elections to be conducted by mail: California, Colorado, Hawaii, Nevada, Oregon, Utah, Vermont and Washington.
Elections Audit Status Update (Management Request)	The Clackamas County Elections office administers and conducts all federal, state, county, city and special district elections in Clackamas County. The office advises voters, candidates, political parties, cities, special districts, and others about administrative rules and statutes applicable to election laws. It oversees
Focus on Election Integrity and Security	

¹² Clackamas County jail fast facts and history as reported on the [Clackamas County Sheriff website](#)

election filing, forms, and voter registration. The office also prepares ballots and voters' pamphlets, receives and processes returned ballots, and completes election result tallies. 2024 is a presidential election year with the primary election in May 2024 and the general election in November 2024.

In 2021, the Office of County Internal Audit assessed Elections Ballot Security. The audit report detailed four recommendations addressing physical security and chain of custody enhancements. The newly elected County Clerk has requested a review engagement to address the status of the four recommendations and the associated risks identified in the audit report.

An audit of Clackamas County's election process will address the status of the four recommendations offered in 2021. The assessment will evaluate the effectiveness of process changes made by, or ongoing implementation efforts of, the Clerk's Elections team. The engagement scope will be defined by that of the 2021 audit engagement. Unless otherwise determined, the engagement will focus on the cast ballots for the May 21, 2024, Primary Election. It will not assess any information technology or advance electronic systems used in county elections, recount or verify any election results, or validate voter registration. This engagement will support the Board of County Commissioners' strategic priority of building public trust through good government.

Health,
Housing &
Human
Services -
Housing
Authority of
Clackamas
County
Affordable
Housing Bond
Program
Focus on
Housing
Services

The Board of County Commissioners continues to focus on homelessness within the county, setting housing unit development goals and overall reduction in homelessness goals as part of its strategic efforts.

In November 2018, Metro-area voters approved a \$652.8 million general obligation bond, a proactive measure to address the shortage of affordable housing within Metro's urban growth boundary. The bond allows Clackamas County the opportunity to invest in the development of new housing resources for some of our most vulnerable and historically marginalized residents. Metro-wide goals for the bond funds include:

- Create affordable homes for about 12,000 people across the region.
- Create approximately 1,600 homes for households with 30% of area median or less.
- Serve families (At least half of the affordable homes created will have two to five bedrooms.)
- No more than 10% of homes will house people between 61 and 80 percent of area median income.
- Create 20.8% of homes in Clackamas County, 45% in Multnomah County, and 34% in Washington County. (This number is based on the assessed value of the property tax within each county within the metro boundary, which is an estimate placed on a property by the county's tax assessor.)

- Utilize all funding within seven years¹³

Region-wide efforts to achieve these primary goals are guided by four principles:

- ✓ Lead with racial equity
- ✓ Create opportunity for those in need
- ✓ Create opportunity throughout the region
- ✓ Ensure long-term benefits and good use of public dollars.
- ✓ Addressing homelessness within Clackamas County is one of eleven strategic initiatives established by the Board of County Commissioners

In 2021, the Office of County Internal Audit performed the first of a multi-engagement effort to support the county's participation in the Affordable Housing Bond program. The Office assessed the county's early implementation and project management approach supporting the Affordable Housing Bond Program. Recommendations were made to support the successful fulfillment of the county's obligations and compliance with the Local Implementation Strategy and intergovernmental agreement.

The Clackamas County 2022 Housing Bond Progress Report to Metro indicates 44% of the \$117.8 million allocated to the county has been committed to housing projects – resulting in 560 new units, 69% of the county's Local Implementation Strategy commitment.

An audit engagement of the Affordable Housing Bond program will assess the program's progress and consider risks to the county's ability to its obligations and demonstrate its success. This engagement will support the Board of County Commissioners' strategic priorities of ensuring a safe, healthy and secure community and building public trust through good government.

Finance
Asset
Management
Focused on
stewardship of
public money

The county defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Purchased or constructed capital assets, including property, plant and equipment, infrastructure (roads, bridges, drainage systems, and street lighting), right of ways and easements, are reported at cost and tracked. Additionally, sensitive assets which may pose a security risk or liability if not adequately tracked are managed.

An audit engagement of the county's asset management system will focus on the risks and mitigation strategies associated with theft, maintenance and valuation of county assets. This engagement will support the Board of County Commissioners' strategic priority of building public trust through good government.

¹³ [Clackamas County Metro Housing Bond internet site](#)

FY23-24 Advisory and administration services

Chief Audit Executive duties

The County Internal Auditor is the county's Chief Audit Executive. Chief Audit Executive administrative duties are the management functions needed to maintain an effective internal audit presence within the county. These tasks include connecting and collaborating with county leadership, management and staff; networking with other government CAEs; developing a collaborative network of other county internal audit functions; ensuring effective communication between County Internal Audit and county staff; ensuring the Office of County Internal Audit is complying with auditing standards; supporting the Internal Audit Oversight Committee; and providing leadership to promote value to the county through audit work.

Advisory

The County Internal Auditor participates in a variety of county projects in an advisory capacity. This includes attending meetings, collaborating in workgroups, developing a visible presence in the county, supporting and responding to daily management and staff inquiries, and researching potential county risks and audit topics. Additionally, the County Internal Auditor assists management in building formal risk management processes into the county strategic planning, provides consultative support and information related to risk management practices, and facilitates risk management assessments.

Governance, risk management, and control process assessment

The Office of County Internal Audit conducts an assessment of governance, risk management, and control processes to guide the annual strategic audit plan, as well as determine the continued effectiveness of the county's internal control structure in accordance with criteria established in the Internal Control Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This assessment builds on the foundation developed during previous assessments.

Quality assurance and improvement program

Under professional auditing standards, the Office of County Internal Audit is required to have an annual internal program related to quality assurance and improving the internal audit function. Professional standards also require that an external quality assurance review be conducted every five years. To meet this standard, the Office of County Internal Audit will participate in a reciprocal peer review program. The County's first quality assurance review is anticipated to be scheduled within 2023.

External audit support

The Office of County Internal Audit serves as a clearinghouse for final reports and communications regarding all external audits and reviews, including local, state, and federal program reviews; and other operational, licensure, and professional compliance monitoring activities.

2022 Auditable Units Model by Risk Score

Department and Line of Business / Program	Risk Score	Risk Category	Trend	FY23-24 Audit
CCSO - Public Safety	698	High	–	
CCSO - Law Enforcement	566	High	–	Yes
TS - Administration	564	High	–	
County Administration - County Administration	511	High	–	Yes
H3S - Administration	510	High	–	
DTD - Transportation	509	High	–	
H3S - HACC	502	High	↑	Yes
H3S - Public Health	500	High	–	
H3S - Health Centers	500	High	–	
H3S - Behavioral Health Division	500	High	–	
H3S - Children, Family & Community Connections	492	High	–	
CCSO - Sheriff Operating Levy	478	High	–	
H3S - Social Services	475	High	–	
WES - Payroll	475	High	–	
Finance - Financial Executive Support	453	High	↑	Yes
District Attorney's Office	451	High	↑	
BCS - County Parks & Golf	449	High	–	
Finance - Facilities Management	443	High	–	
County Clerk - Clerk's Office	442	High	↑	Yes
BCS - Administration	415	High	↑	
CCSO - Administration	414	High	–	
CCSO - Community Corrections Reintegration	403	High	–	
CCSO - Community Corrections Coordination	396	High	–	
DTD - Administration	384	High	–	
HR - Risk & Safety Management	378	Moderate	–	
DTD - Fleet Services	375	Moderate	↓	
DTD - Livable Communities	375	Moderate	↓	
DTD - Land Use & Development	372	Moderate	↓	
BCS - Library	371	Moderate	↓	
TS - Technical Services	349	Moderate	↓	
Finance - Financial Management & Accountability	343	Moderate	–	
TS - Applications	343	Moderate	↓	
TS - Communication Services	343	Moderate	↓	
H3S - Housing & Community Development	334	Moderate	–	
Finance - Courier & Mail Operations Services	331	Moderate	–	
Juvenile Department - Accountability	316	Moderate	↑	

A&T - Administration	313	Moderate	↑
Finance - Accounting Services	312	Moderate	–
HR - Benefits, Wellness, Leave Management	302	Moderate	–
BCS - Assets	301	Moderate	–
BCS - Economic Development Line of Business	301	Moderate	–
BCS - North Clackamas Parks & Recreation District (NCPRD)	294	Moderate	–
Disaster Management & Medical Examiner	293	Moderate	–
CCSO - Training	292	Moderate	↓
BCS - Extension and 4H Service District	290	Moderate	–
HR - Administration	287	Moderate	↓
HR - Workforce Design	287	Moderate	–
Treasurer's Treasury Services	278	Low	–
BCS - Fair & Event Center	275	Low	↓
HR - Employee & Labor Relations Management	264	Low	↓
CCOM - Clackamas 911 Services	258	Low	↓
DTD - Targeted Improvement Areas	249	Low	–
DA - Justice & Public Safety	237	Low	–
BCC - Commissioners Line of Business	233	Low	–
DA - Family Support	233	Low	–
DA - Victim & Support Services	233	Low	–
A&T - Property Tax Revenue & Records	216	Low	–
Juvenile Department - Public Safety	216	Low	–
Juvenile Department - Administration	214	Low	↓
Juvenile Department - Reformation	212	Low	–
A&T - Valuation	205	Low	–
PGA - Strategy, Policy & Brand Identity	166	Low	–
{GA - Communications, Engagement & Advocacy	165	Low	–
County Administration - Tourism & Cultural Affairs Services	140	Low	–
County Counsel - Litigation & Labor	113	Low	–
County Counsel - Office of the County Counsel Administration	112	Low	–
County Counsel - Legal Support	112	Low	–
Justice Court - Justice Court Services	99	Low	–
Law Library - Administration	66	Low	–
Resolution Services	65	Low	–

Risk Factor Definitions and Scoring Criteria

	A							B	C	D	E	F	G
Auditable Unit	Risk Assessment Survey Score	Strategic	Operational	Financial	IT	Legal Compliance	Customer Service	Total Business Complexity Risk Factors	Calculated Complexity Score	Financial Impact Score	Last Time Audit by IA Score	Strategic Impact Score	Total Risk Score
Example Unit A	80	2	2	2	2	2	2	12	960	96	25	40	1121
Example Unit B	10	0	0	0	0	0	0	1	10	2	0	0	10.2

A Risk Assessment Survey Score - IA held interviews with key stakeholders from the various auditable units to help gain an understanding of risks and obstacles each department is facing and to gain a more thorough understanding of the duties and responsibilities of each department. These interviews were used to score the following areas of the department.

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring
- % of risk claims received during fiscal year
- # of Good Government Hotline reports received during fiscal year

IA scored the first 5 topic areas listed above based on professional experience, input received from stakeholders throughout the county, and IA observations. The claims and hotline scores are based on fiscal year summary data. This combined survey score was placed into Column A. The highest score possible for this section of the risk assessment was 80 points and the lowest was 10 points.

B Complexity of Unit and Impact to county - IA scored each unit based on an understanding of the complexity of processes overseen by the unit and the impact that an actual error in the unit's processes could have to the county as a whole. Complexity and impact were broken out into the following six areas.

- Strategic
- Operational
- Financial
- Information Technology
- Legal/Regulatory Compliance
- Reputation/Customer Service

IA scored each of these six complexity/impact areas (0 to 2) per auditable unit. The total complexity/impact score was used as a "multiplier" to help assess risk. The total complexity/impact scores were placed in Column B and used to compute Column C for each unit. The highest risk score possible for Column C, after the risk "multiplier" was considered, was 960 points and the lowest was 10 points.

D Financial Impact Score - IA scored each auditable unit based on how much revenue the unit processed during fiscal year 2021 (FY21) and how much expenditures the unit incurred during FY21. The concept in scoring this attribute was as the amount of revenues and/or expenditures increases in a unit, the risk for that unit also increases. IA used FY21 financial data extracted from the county's accounting system. Total revenues and expenditures being processed were used to score the financial risk using the matrix below.

Financial Impact	Multiplier
> \$25,000,000	1.10
\$25,000,000 to \$15,000,001	1.08
\$15,000,000 to \$6,000,001	1.06
\$6,000,000 to \$2,000,001	1.04
\$2,000,000 to \$0	1.02

The highest score a unit could obtain from the financial risk scoring would be 96 (960 * .10) points, and the lowest possible score an audit unit could obtain from this scoring would be .2 (10 * .02) points.

E Last Time Audited by IA Score - IA assessed and scored audit frequency. IA used the following methodology when scoring the lapse of time since the last internal audit.

Last Time Receiving IA	
Never Audited	25
Audited 10+ yrs. Ago	15
Audited 8 yrs. Ago	9
Audited 5 yrs. Ago	7
Audited 3-4 yrs. Ago	5
Audited by IA in 2019	3
Audited during 2020 by IA	-

The highest score a unit could obtain from the audit frequency scoring would be 25 points, and the lowest possible score an audit unit could obtain from this scoring would be 0 points.

F BCC Strategic Initiatives Score - IA scored each auditable unit based on how much impact the unit has on the successful implementation of the Board of Commissioners' 10 Strategic Initiatives. A risk score was assigned using the following Implementation Team participation matrix.

Strategic Impact - Implementation Team participation	
Team lead	4
Team member	2
Non-participant	-

The highest combined risk score possible for Column F was 40 (10*4), lowest 0 (10*0).

G Total Risk Score - The total risk score, the sum of Columns C to F, was placed in Column G. The highest attainable total risk score was 1121 points, and the lowest 10.2. IA designates high, moderate, and low risk units by general top, middle, and bottom third segments, sorted from highest to lowest risk score.

Auditable Units - Summary Descriptions

Defining the audit universe is a critical step in helping plan future internal audits at the County. Each auditable unit must be distinct and contain activities structured to obtain common objectives. Auditable units were generally identified based on discussions with staff and management, the "line of business" structure outlined in the County's accounting software, the department structure outlined on the County's website¹⁴, and the Department Strategic Plans¹⁵. For the 2022 risk assessment, there are 72 auditable units.

1. **Assessment and Taxation – Administration** – The purpose of the County Administration Line of Business is to provide leadership, guidance, consultations and support services to the Board of County Commissioners, County Departments and the public so they can achieve and experience world-class customer service and results from Clackamas County government.
2. **Assessment and Taxation – Property Tax Revenue & Records** – The purpose of the Property Tax Revenue & Records Line of Business is to provide tax and property information services to the public, property owners, taxpayers, and taxing districts so they can receive quality customer service and timely and accurate information for decision making purposes.
3. **Assessment and Taxation – Valuation** – The Purpose of the Valuation Line of Business is to provide appraisal, statistical, analytical, special program eligibility, dispute resolution and correction services to property owners and taxpayers so they can have confidence that property is valued at 100% of real market value and they are paying the correct amount of tax.
4. **Board of County Commissioners** – The Board of County Commissioners (BCC) consists of five commissioners, all of whom are elected by a countywide vote. There exists one elected chair and all commissioners serve a four-year term. The BCC serves as the governing body of Clackamas County and has the powers and duties granted to the governing body by law. The BCC sets policies, enacts ordinances and approves budgets to perform County services.
5. **Business & Community Services (BCS) – BCS Administration** – The purpose of the BCS Administration line of business is to provide leadership, strategic direction, communication, budgeting and financial management services to BCS programs so they can make informed decisions and provide sustainable, effective and well-managed services to those who live, work, visit or do business in Clackamas County.
6. **Business & Community Services (BCS) – Assets** – The purpose of the Assets line of business is to provide land and surplus property management services to County departments and elected officials on behalf of the public so they can make informed decisions regarding land development and infrastructure, and generate additional revenue to support, maintain, and enhance other public services.
7. **Business & Community Services (BCS) – County Parks & Golf** – The purpose of the County Parks and Golf line of business is to provide parks, facilities and recreation services to residents and visitors so they can participate in health and wellness activities that contribute to a strong and vibrant community.
8. **Business & Community Services (BCS) – Economic Development** – The purpose of the Economic Development line of business is to provide leadership consultation, economic analysis, investment and land banking services to policymakers, performance partners, businesses and property owners so they can help grow a vibrant and resilient economy.

¹⁴ e.g., <https://www.clackamas.us/departments>

¹⁵ e.g., <https://www.clackamas.us/performance/plans.html>

9. **Business & Community Services (BCS) – Extension and 4H Service District** – The Extension and 4H Service District is identified as part of Business & Community Services and is used for tracking financials separately. For the purposes of the risk assessment, this program is identified its own auditable unit.
10. **Business & Community Services (BCS) – Fair & Event Center** – The purpose of the Fair and Event Center line of business is to plan and host the annual Clackamas County Fair and Rodeo and provide facility rental and event services to County residents and visitors so they can experience a unique heritage tradition and utilize an historic facility for a wide variety of business, community and private events.
11. **Business & Community Services (BCS) – Library** – The purpose of the Library line of business is to provide access to informational, recreational, community, cultural, and support services to library patrons so they can develop into lifelong learners and readers, satisfy intellectual curiosity, and strengthen communities.
12. **Business & Community Services (BCS) – North Clackamas Parks & Recreation District (NCPRD)** – The purpose of the NCPRD line of business is to provide access to parks, natural areas, trails, recreation services and facilities to district residents and visitors of all ages so they can enjoy living in vital and healthy communities.
13. **Clackamas 911 (CCOM) – Clackamas 911 Services** – The purpose of the Clackamas 911 Services line of business is to provide professional call processing, dispatching, technical and administrative services to the public, businesses and government agencies so they can have expedited and efficient access to public safety resources for emergency, non-emergency and life-critical events.
14. **Community Corrections – Coordination** – The purpose of the Coordination line of business is to provide leadership, support, logistics & infrastructure services to reintegration line of business so we can accomplish the mission of the agency.
15. **Community Corrections – Reintegration** – The purpose of the Reintegration line of business is to provide Parole & Probation, Community Service, Pretrial Services, Victim’s Services, Residential Treatment & Counseling services to justice-involved individuals and those affected by crime so they can experience their best opportunity for successful, pro-social reintegration into the community.
16. **County Administration – County Administration** – The purpose of the County Administration Line of Business is to provide leadership, guidance, consultations and support services to the Board of County Commissioners, County Departments and the public so they can achieve and experience world-class customer service and results from Clackamas County government.
17. **County Administration – Tourism & Cultural Affairs Services** – Tourism and Cultural Affairs is charged with developing and administering a comprehensive destination marketing plan to enhance the quality of life for residents by achieving optimal economic benefit from tourism for county businesses, attractions and government. The Tourism program is funded by a countywide 6% transient lodging tax focused solely on tourism promotion and development that is guided by the Tourism Development Council and a five-year Master Plan approved by the BCC.
18. **County Clerk – Clerk’s Office** – The purpose of the Clerk’s Office is to provide elections, records management, recording, property tax appeals, marriage and liquor licenses, and passport services to the public, County Departments and other government jurisdictions so they can promptly and efficiently conduct their business in a welcoming environment.
19. **County Counsel – Legal Support** – The purpose of the Legal Support Line of Business is to provide easy-to-access, easy-to-understand advisory, regulatory and transactional services to the

- County, its elected officials, departments and special districts so they can make well-advised, timely, legally informed decisions, and keep the delivery of services to the public moving.
20. **County Counsel – Litigation & Labor** – The purpose of the Litigation and Labor Line of Business is to provide advice and representation at trial, mediation or other arenas, to the County, and its elected officials, departments and special districts, so they can manage and minimize risk, be represented in lawsuits, and appropriately administer labor and employment laws.
 21. **County Counsel – Office of the County Counsel Administration** – The purpose of the Office of the County Counsel Line of Business is to provide leadership, oversight, and legal consultation services to the County, and its elected officials, departments and special districts, so they can effectively implement their policy objectives, achieve success for County operations, and minimize risk and adverse results for the County.
 22. **Disaster Management – Disaster Management & Medical Examiner** – The purpose of the Disaster Management and Medical Examiner Line of Business is to provide critical coordination and response services to impacted individuals and communities who may be experiencing the worst days of their lives so they can recover.
 23. **District Attorney (DA) – District Attorney's Office** – The mission of the Clackamas County District Attorney is to provide leadership, support, and criminal justice services to the community and crime victims so they can experience justice and safety.
 24. **District Attorney (DA) – Family Support** – The purpose of the Family Support Line of Business is to provide establishment, enforcement, and case management services to families so they can support their children.
 25. **District Attorney (DA) – Justice & Public Safety** – The purpose of the Justice & Public Safety Line of business is to provide adult and juvenile criminal prosecution and support services to the public, crime victims, courts and law enforcement so they can experience and deliver justice, fairness and public safety.
 26. **District Attorney (DA) – Victim & Support Services** – The purpose of the Victim Support & Services Line of Business is to provide 24/7 comprehensive, collaborative advocacy, consultation, and victim rights services to crime victims and their families, prosecutors, and law enforcement so they can experience and provide a meaningful role in the criminal justice process, be safe, and be treated fairly, impartially, with dignity, and respect.
 27. **Finance – Accounting Services** – The purpose of the Accounting Services line of business is to provide accounting support services to County employees and departments so they can receive accurate and timely reporting.
 28. **Finance – Courier & Mail Operations Services** – The purpose of the Courier & Mail Operations Services line of business is to provide coordinated mail and package processing and distribution services to County Departments so they can conveniently receive and send mail and packages that support their business operations.
 29. **Finance – Facilities Management** – The purpose of the Facilities Management line of business is to provide preventative and corrective maintenance, construction and energy management services to the tenants of County managed facilities so they can conduct business in energy efficient, well-maintained, clean, safe and secure facilities.
 30. **Finance – Financial Executive Support** – The purpose of the Financial Executive Support Line of Business is to provide leadership, and administrative support services to department employees and system users so they have the tools and the information to do their job in alignment with the department's and Board of County Commissioners' strategic priorities.
 31. **Finance – Financial Management & Accountability** – The purpose of the Financial Management & Accountability line of business is to provide strategic financial planning, sourcing,

and reporting services to County Departments so they can manage resources in a fiscally responsible manner and make informed decisions that support the achievement of their strategic and operational results.

32. **Health, Housing & Human Services (H3S) – Behavioral Health Division** – The purpose of the Behavioral Health Division Line of Business is to work collaboratively with community partners to ensure the provision of coordination, support, outreach, education, and treatment services to Clackamas County residents so they can achieve their mental health and addiction recovery goals.
33. **Health, Housing & Human Services (H3S) – Children, Family & Community Connections** – The purpose of the Children, Family & Community Connections Line of Business is to provide prevention, education, employment, and weatherization services to vulnerable residents of Clackamas County so they can experience healthy home, work, and school environments.
34. **Health, Housing & Human Services (H3S) – H3S Administration** – The purpose of the H3S Administration Line of Business is to provide leadership and guidance services to the H3S Divisions and key internal and external stakeholders so they can meet service and program goals, have confidence in H3S, and seek out H3S for resources and guidance.
35. **Health, Housing & Human Services (H3S) – HACC** – The purpose of the Housing Authority of Clackamas County is to provide voucher, public housing, development, maintenance, resident, and supportive services to individuals and families in need so they can experience stable, affordable, and quality housing.
36. **Health, Housing & Human Services (H3S) – Health Centers** – The purpose of the Health Centers Line of Business is to provide patient-centered health care services to vulnerable populations so they can experience improved physical, dental, and behavioral health wellness.
37. **Health, Housing & Human Services (H3S) – Housing & Community Development** – The purpose of Housing & Community Development Line of Business is to provide housing, shelter, revitalization, and supportive services to individuals and families in need so they can experience healthy, safe, and affordable housing in neighborhoods with improved access to services.
38. **Health, Housing & Human Services (H3S) – Public Health** – The purpose of the Public Health Line of Business is to provide environmental health inspections and licenses, policy and assessment, access to care, infectious disease control, and education services to residents and businesses so the public can appropriately prevent, respond, and take action to ensure clean and safe places and a healthy population.
39. **Health, Housing & Human Services (H3S) – Social Services** – The purpose of the Social Services Line of Business is to provide case management, financial support, information and referral, meaningful opportunities, and advocacy services to older adults, people with disabilities, Veterans, low income, and houseless persons so they can meet their basic needs, receive benefits they have earned, have choice in their life decisions, and successfully engage in their community.
40. **Human Resources (HR) – Administration** – The purpose of the Administration Line of Business is to provide human resources direction, executive consultation and policy decision, and workforce data services to county administration, county departments and employees so they can have a business partner to achieve strategic and operational results.
41. **Human Resources (HR) – Benefits, Wellness, Leave Management** – The purpose of the Benefits and Wellness Line of Business is to provide comprehensive benefits, disability management, planning, education and consultation services to county departments, and employees so they can create a workplace culture committed to practices that sustain a healthy and productive workforce and preserve financial resources.

42. **Human Resources (HR) – Employee & Labor Relations Management** – The purpose of the Employee and Labor Relations Administration Line of Business is to provide collective bargaining and labor contract administration services to BCC, County Administration, and departments so they can define, understand, and administer employee relations, labor relations and discipline of employment and dispute resolution.
43. **Human Resources (HR) – Risk & Safety Management** – The purpose of the Risk and Safety management Line of Business is to provide comprehensive loss prevention and control, risk management, planning education and consultation services to county departments, and employees so they can create a workplace culture committed to practices that eliminate risk, sustain a healthy and productive workforce and preserve financial resources.
44. **Human Resources (HR) – Workforce Design** – The purpose of the Workforce Design Line of Business is to provide workforce planning and development, classification and compensation, and recruitment and selection services to county departments so they can plan for, attract and retain the qualified and diverse workforce they need to achieve their strategic results.
45. **Justice Court – Justice Court Services** – The purpose of the Justice Court Services line of business is to provide judicial services to the public so they can access multiple options for resolution of violation citations and civil cases.
46. **Juvenile Department – Accountability** – The purpose of the Accountability line of business is to provide intervention, and compliance monitoring services to youth so they can be accountable to victims and the community and repair harm they have caused.
47. **Juvenile Department – Administration** – The purpose of the Administration line of business is to provide strategic planning, resource management, and continuous quality improvement services to the Juvenile Department so it can foster and sustain a high performance, responsive, and customer-focused culture and organization, and work effectively with community partners and stakeholders.
48. **Juvenile Department – Public Safety** – The purpose of the Public Safety line of business is to provide assessment and detention services to youth so they can receive the appropriate level of monitoring and services that provides for community safety.
49. **Juvenile Department – Reformation** – The purpose of the Reformation line of business is to provide targeted evaluation and rehabilitative services to youth so they can increase the competencies needed to transition to adulthood, live a crime free life, and be a contributing member of their community.
50. **Law Library – Administration** – The Clackamas County Bar Association appoints the Law Library committee which administers the Law Library. The Library is entirely funded by an allocation of court “pass-through” fees and the one Law Library in Clackamas County exists in accordance with Oregon Revised Statute 9.815.
51. **Public & Government Affairs (PGA) – Communications, Engagement & Advocacy** – The purpose of the Communications, Engagement and Advocacy Line of Business is to provide information, consultation, coordination, and advocacy services to the people of Clackamas County, their Board of County Commissioners, and other countywide elected officials so they can develop and strengthen relationships, achieve their policy priorities, and the people of Clackamas County can thrive.
52. **Public & Government Affairs (PGA) – Strategy, Policy & Brand Identity** – The purpose of the Strategy, Policy and Brand Identity Line of Business is to provide strategic planning and messaging, policy analysis, and support services to the people of Clackamas County, their Board of County Commissioners, other countywide elected officials, and Public and Government Affairs staff so they can have equitable access, make informed decisions, and achieve results.

53. **Resolution Services – Resolution Services** – The purpose of the Resolution Services Line of Business is to provide conflict resolution services to people and organizations experiencing conflict so they can resolve their differences peacefully, develop skills for the resolution of future conflicts and build safe, healthy relationships and communities.
54. **Sheriff's Office (CCSO) – Administration** – The purpose of the Administration Line of Business is to provide executive leadership, administrative support, and operational support services to Sheriff's Office employees so they can deliver quality law enforcement and public safety services to the community.
55. **Sheriff's Office (CCSO) – Enhanced Law Enforcement District** – The purpose of the Enhanced Law Enforcement District (ELED) Program is to provide enhanced public safety, community partnership, education, and law enforcement services to those who live, work, and play within the ELED so they can enjoy safe, livable communities.
56. **Sheriff's Office (CCSO) – Law Enforcement** – The purpose of the Law Enforcement Line of Business is to provide law enforcement and offender accountability services to the people of Clackamas County so they can experience and contribute to a safe and secure community.
57. **Sheriff's Office (CCSO) – Public Safety** – The purpose of the Public Safety Line of Business is to provide security and protection through offender accountability services and court order enforcement to the people of Clackamas County so they can experience and contribute to a safe and secure community.
58. **Sheriff's Office (CCSO) – Sheriff Operating Levy** – The Sheriff Operating Levy is identified as part of the Sheriff's Office and is used for tracking financials separately. For the purposes of the risk assessment, this program is identified its own auditable unit.
59. **Sheriff's Office (CCSO) – Training** – The purpose of the Training Line of Business is to provide training, professional development, and personal wellness services to Sheriff's Office employees so they can achieve professional and personal fulfillment and deliver quality law enforcement and public safety services throughout their career.
60. **Technology Services (TS) – Administration** – The purpose of the Administration Line of Business is to provide strategic technology, policy, planning and operational support services to Technology Services staff so they can support county departments in effectively utilizing technology resources in the performance of their jobs.
61. **Technology Services (TS) – Applications** – The purpose of the Applications Line of Business is to provide business analysis, application development, data, geospatial and application integration, software installation and maintenance services to county departments and the public so they can utilize technology to make informed business decisions, have timely and reliable access to the information to share with their customers and to achieve desired results.
62. **Technology Services (TS) – Communication Services** – The purpose of the Communication Services Line of Business is to provide telecommunications and fiber optic services to county departments and external agencies so they can meet their business communication requirements.
63. **Technology Services (TS) – Technical Services** – The purpose of the Technical Services Line of Business is to provide reliable and secure technical infrastructure and customer support services to county departments and partner agencies so they can utilize technology resources to conduct their business.
64. **Transportation & Development (DTD) – Administration** – The purpose of the Department Administration line of business is to provide leadership, management, communication financial and emergency support services to the Board of County Commissioners, decision-makers, department staff, other county departments, other agencies and the public, so they can provide

well-managed programs so people can live, work, play and do business in Clackamas County safely and successfully.

65. **Transportation & Development (DTD) – Fleet Services** – The purpose of the Fleet Services line of business is to provide fleet management and vehicle and equipment maintenance and repair services to public agencies so they can conduct business in safe, reliable and cost-effective vehicles.
66. **Transportation & Development (DTD) – Land Use & Development** – The purpose of the Land Use & Development line of business is to provide planning, property information and permitting services to residents, property owners, the development community and businesses so they can experience a safe, thriving and well-planned community, make informed decisions, invest and develop property.
67. **Transportation & Development (DTD) – Livable Communities** – The purpose of the Livable Communities line of business is to provide safety, compliance, resource conservation, solid waste and dog sheltering services to residents, property owners and businesses so they can experience a clean, safe, healthy and attractive community.
68. **Transportation & Development (DTD) – Targeted Improvement Areas** – The purpose of the Targeted Improvement Areas line of business is to provide capital improvement, development and neighborhood enhancement services to residents, property owners, businesses and visitors so they can enjoy a safe, thriving and well-planned community.
69. **Transportation & Development (DTD) – Transportation** – The purpose of the Transportation line of business is to provide safety, maintenance, engineering, construction and operations services to users of the transportation system so they can travel safely and efficiently in Clackamas County.
70. **Treasurer’s Office – Internal Audit Services** – The purpose of the Internal Audit Services Line of Business and Internal Audit Program is to provide assurance and consulting services to the public, employees, and departments of Clackamas County so they can feel confident that the public’s interest is protected and can engage with a more accountable, higher performing, and more transparent local government.
71. **Treasurer’s Office – Treasury Services** – The purpose of the Treasury Services Line of Business and Treasury Program is to provide active banking, accounting, investing, managing, distribution, and safeguarding services to the public of Clackamas County so they can trust that their funds are secure and to the taxing districts and departments of Clackamas County so they can efficiently and effectively provide services to their customers.
72. **Water Environment Services (WES)** – The mission of Water Environment Services is to provide resource recovery and watershed protection services to our community so we can live, work, and play in a healthy environment. WES consists of 4 lines of business: Business Services, Capital, Environmental Services, and Operations. The WES Payroll serves as a program for financial purposes for the pass-through dollars and will be used to calculate the financial component of the risk assessment. The purpose of the Business Services Line of Business is to provide administrative, human resources, and budgetary services to department employees, and advisory and budget committee members, so they can provide effective, well managed services and information to members of communities served by WES. The purpose of the Capital Line of Business is to provide strategy, analysis, projection, and new infrastructure services to WES ratepayers and decision makers so they can make well-informed decisions leading to timely and cost-effective infrastructure. The purpose of the Environmental Services Line of Business is to provide monitoring and assessment and pollution prevention services to WES staff, and permitting services to permit applicants, and the broader community so they can access and appropriately

use WES' infrastructure and understand their potential impact on water quality. The purpose of the Operations Line of Business is to provide collection and conveyance, treatment, and resource recovery services to ratepayers so they can have properly functioning infrastructure that supports healthy waterways and a vibrant economy.

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