

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 2/7/17 **Approx Start Time:** 11:00 a.m. **Approx Length:** 30 minutes

Presentation Title: Audit Committee Informational Session

Department: Finance

Presenters: Christa Bosserman-Wolfe, Assistant Finance Director and David Bodway, Finance Manager

Other Invitees: Marc Gonzales, Laurel Butman, Diane Padilla, Chris Storey

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

The purpose of this study session is to provide to the Board with a general overview of the Clackamas County Audit Committee and answer any questions regarding the current Clackamas County Audit Committee membership structure. Additionally, staff is providing a recommendation regarding filling the public member vacancy on the Committee for consideration.

EXECUTIVE SUMMARY:

The Clackamas County Audit Committee was formed to help ensure that the governing body maintains effective oversight and control over financial reporting. It also allows a forum in which the independent auditors can candidly discuss matters with the committee. The current Bylaws were adopted July 15, 2010. Membership is outlined in Article 3.01 as a 7 member committee consisting of 2 Board members, 1 attorney from Counsel, 2 county department heads, and 2 citizen members.

The current need is to fill our vacant citizen member seat for our upcoming Audit Committee meeting where members will receive the annual audit reports from the County's external auditors, Moss Adams, LLP. Recruitment to fill vacant public member seat has taken place and a recommendation for appointment was provided to the BCC on 1-17-17. The Board requested an opportunity for follow-up discussion prior to making that decision.

FINANCIAL IMPLICATIONS (current year and ongoing):

No financial implications related to this topic.

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals?
This item helps *improve knowledge of financial performance* by educating public, departmental and Board members about the County's financial audit process and expected outcomes.
- How does this item align with the County's Performance Clackamas goals?
This item helps to *build public trust through good government* by educating and engaging members of the public in the audit process.

LEGAL/POLICY REQUIREMENTS:

N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:

Recruitment to fill vacant public member seat has taken place and a recommendation for appointment was provided to the BCC on 1-17-17.

OPTIONS:

- 1) Appoint the public member seat as recommended by the Finance Department on 1-17-17.
- 2) Direct staff to modify the existing Bylaws to the Board's desired membership composition.
- 3) Take no action.

RECOMMENDATION:

The Finance Department respectfully recommends that the Board chooses option 1. Option 1 allows for completion and closure of a public process, of which the public has participated in. Choosing another alternative at this time may result in confusion for those that have participated in the process to date. It is also important to note that the Board currently holds two membership positions in the Audit Committee, in addition to the Board seats on the Budget Committee, and has the ability to represent both views and perspectives on each Committee.

ATTACHMENTS:

- Bylaws of the Clackamas County Audit Committee
- Recommendation submitted 1-17-17

SUBMITTED BY:

Division Director/Head Approval **CBW**
Department Director/Head Approval **MG**
County Administrator Approval **LB**

For information on this issue or copies of attachments, please contact Christa Bosserman Wolfe @ 503-742-5407

RECORDING MEMO

New Agreement/Contract
Amendment/Change Order Original Number _____
Policy, Reports,

ORIGINATING COUNTY
DEPARTMENT:

County Counsel
Steven Lounsbury

PURCHASING FOR: N/A

OTHER PARTY TO
CONTRACT/AGREEMENT: N/A

Approved by the Board: **July 15, 2010**
Agenda Item Number: **C. 1.**

PURPOSE:

Approval of Bylaws for the Clackamas County Audit Committee

After Recording Please
Return to County Counsel

Clackamas County Official Records
Sherry Hall, County Clerk
Commissioners' Journals
Agreements & Contracts

2010-3908

07/22/2010 11:36:41 AM

BYLAWS OF THE CLACKAMAS COUNTY AUDIT COMMITTEE

RECITALS

WHEREAS, it is recognized that financial oversight of all county departments, districts, and agencies is a core responsibility of the Clackamas County Board of Commissioners in its capacity as the county governing body, with sound financial reporting being an essential element of public accountability; and

WHEREAS, it is further recognized that county management is responsible for the fair presentation in the financial statements in conformity with generally accepted accounting principles, and independent auditors also share responsibility for auditing the quality of financial reporting, and formation of an Audit Committee is a practical tool for ensuring that the governing body maintains effective oversight and control of financial reporting; and

WHEREAS, it is further recognized that an audit committee will help to preserve and enhance the objectivity and independence of the audit function by furnishing a forum in which the independent auditors can candidly discuss audit-related matters with members of the governing body;

NOW, THEREFORE, the Board hereby adopts the following Bylaws:

ARTICLE I

Name

1.01. These Bylaws shall govern the actions of the Clackamas County Audit Committee ("Committee") established by the Board of Clackamas County Commissioners ("Board").

ARTICLE II

Purposes, Duties, and Powers

2.01. It is the responsibility of the Committee to provide independent review and oversight of the County's financial reporting processes, internal controls and independent auditors. In carrying out its responsibilities the Committee shall have the following powers:

- 2.01.1 Review and approve the Committee's work program on an annual basis.
- 2.01.2 Review and approve preliminary financial auditing reports performed by County offices.
- 2.01.3 Review responses and actions taken by audited County offices.
- 2.01.4 Ensure that accounting policies and procedures utilized by the County offices are appropriate and in accordance with applicable accounting standards.

- 2.01.5 Ensure that County accounting policies and procedures comply with all applicable laws, rules and regulations.
- 2.01.6 Ensure that appropriate systems of accounting and financial controls are established by County offices to manage and minimize financial risk.
- 2.01.7 Ensure that effective internal monitoring systems are in place so that County offices may achieve their objectives without unacceptable risk.
- 2.01.8 Confer with independent external auditors retained by the County and discuss their timetable, audit plan and any problems the external auditors may have experienced in accounting policies, accounting errors, or in their dealings with County personnel.
- 2.01.9 Review any significant financial adjustments arising from the annual financial audit.
- 2.01.10 Ensure that adequate procedures are in place to address any fraudulent or corrupt activities that may affect the County.
- 2.01.11 Report on any matter that the Committee considers appropriate under its purview.
- 2.01.12 Request any information the Committee determines is relevant to its activities from any County office.
- 2.01.13 Seek legal advice from the Office of County Counsel or District Attorney.
- 2.01.14 Request that that Board approve the hiring of a firm or individual to provide professional services to the Committee.
- 2.01.15 Other specific tasks of the Committee include: a) determining the appropriate scope of the independent audit; b) determining the appropriate scope of "nonaudit" services to be performed by the independent auditor; c) managing the audit procurement process; d) selecting the independent auditors; e) reviewing the financial statements; f) reviewing the independent auditor's reports and following up on corrective action; g) reviewing the comprehensive framework of internal control; h) assessing the performance of the independent auditors; and i) providing an independent forum for internal auditors to report findings of management abuse or control override.

ARTICLE III

Audit Committee Administration

Membership

3.01 Members of the Committee will be appointed by the Board. The Committee shall consist of seven (7) members: Two (2) members of the Board; one (1) attorney from the County Counsel's Office; two (2) County Department heads; and two (2) citizen members selected for their familiarity with/expertise in financial matters. The County's Audit Manager will be assigned as staff to the Audit Committee, to assist in the delivery of any information requested.

3.02 All members of the Committee shall have knowledge and/or expertise in governmental auditing and financial practices. Committee members shall serve a term of two (2) years, after which they shall be subject to reappointment at the discretion of the Board. The Board may remove a Committee member for any reason it deems appropriate.

3.03 Consistent with the best practices for audit committees recommended by the Government

Finance Officers Association, an important benefit of an Audit Committee is its ability to meet with independent auditors apart from county management. Therefore, no member of the Committee shall be an appointed or elected official who exercises financial management responsibilities within the scope of the audit.

Duties of Membership

3.04 Each member of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and the County with such care as an ordinarily prudent person in a similar position would use under similar circumstances.

Meetings

3.05 The Committee shall meet at least quarterly. The Committee Chair may set meeting dates to accommodate special circumstances, and may call a meeting any time deemed appropriate.

3.06 Meetings of the Audit Committee are not public meetings.

3.07 Members shall be given the agenda and related materials/documents pertaining to the items before the Committee one week prior to the meeting date.

3.08 To the extent not contrary to these bylaws, Roberts Rules of Order shall govern all meetings of the Committee.

Procurement of Outside Financial Expert

3.09 The services of an outside financial expert may be procured by the Committee to assist it in its duties.

Budget

3.10 Each year the Committee shall advise the County Administrator of any potential budgetary needs prior to March First.

ARTICLE IV: OFFICERS

4.01 The officers of the Committee shall consist of a Chairperson and Vice-Chairperson, who shall both be Board members.

ARTICLE V: BOOKS AND RECORDS

5.01 The Committee shall keep general minutes of the proceedings of all meetings, which shall be circulated to all Committee members.

5.02 The records of the Committee shall be public records, unless otherwise exempt from disclosure, as governed by the Oregon Public Records Law.

ARTICLE VI: AMENDMENT

6.01 These bylaws may be repealed or amended, and additional bylaws may be adopted, by a majority vote of the Board.

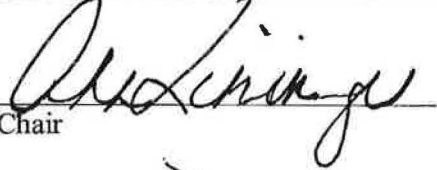
ARTICLE VII: ANNUAL REPORT

7.01 The Committee shall conclude its work each year by submitting a written report to the Audit Committee Chair on how it has discharged its duties and met its responsibilities. The information gathered by the Committee shall, at a minimum, include the identification and assessment of issues relevant to its functions and responsibilities as set forth in these Bylaws.

ARTICLE VIII: SIGNATURE

I HEREBY CERTIFY that the foregoing is a true, correct and complete copy of the Bylaws of the Clackamas County Audit Committee, in effect on this 15th day of July, 2010.

CLACKAMAS COUNTY BOARD OF COMMISSIONERS


Chair


Recording Secretary
C.I

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I HEREBY CERTIFY that the foregoing is a true, correct and complete copy of the Bylaws of the Clackamas County Audit Committee, in effect on this ____ day of _____, 2010.

Lynn Peterson
Chair, Board of County Commissioners
Clackamas County

Appointed Boards and Commissions (ABCs) Recommendation

The Audit Committee, under the Department of Finance, was created by the Board of County Commissioners (BCC), at the recommendation of County external auditors, at the BCC Study Session on January 15, 2008. The Board established the Audit Committee structure of seven members: two (2) Commissioners, one (1) member from Clackamas County Counsel, two (2) Clackamas County Department heads and two (2) citizen members with expertise in local government and audit. The Committee has one opening, due to the resignation of a citizen member.

Recruitment for the Citizen Member took place, in cooperation with Public and Government Affairs, by press release, Facebook, the County website, outreach to the local Finance Officers group and various other local medias. Recruitment closed November 3, 2016. Through this recruitment process one (1) application was received and considered. The applicant for Citizen Member was very well qualified and has expressed their desire to serve as a member of the Committee.

Our recommendation is as follows:

Open Public Member seat:

Joyce Hamilla - appointment to 1st term to end 6/30/2017
2310 SE Silver Springs Rd, Milwaukie, OR 97222

The Board of County Commissioners could select other candidates or require further recruitment.

Please sign as appropriate indicating that a matrix and all applications are attached. The material has been reviewed by the appropriate signing authority, and the packet is ready for consideration by the BCC.

Liaison signature _____ Date: _____

Division approval _____ Date: _____

Department approval _____ Date: _____

ABC Matrix

Clackamas County 2017 - Audit Committee

Today's Date: 1/10/17

First Name	Last Name	If this Position is currently a Vacancy (Member resigning, Member being reappointed)	Occupation/Background	Term Overview (1st, 2nd,etc)	Appointment Date (Day/Month/Year)	Term expires (Day/Month/Year)
Active Roster						
Jim	Bernard	BCC Assigned	Commissioner & Committee Chair	NA	NA	NA
Martha	Schrader	BCC Assigned	Commissioner	NA	NA	NA
Chris	Storey	Member of Counsel Required per Bylaws	Counsel	NA	NA	NA
Barbara	Cartmill	Current Member	Dept Director 1	1st	7/1/2015	6/30/2017
Nancy	Bush	Current Member	Dept Director 2	2nd	7/1/2015	6/30/2017
Richard	Seals	Current Member	Public Member 1 - City of West Linn & City of Milwaukie Finance Director	4th	7/1/2015	6/30/2017
Casey	Camors	Member resigned	Public Member 2 - Milwaukie Finance Director	1st	7/1/2013	7/18/2016
First Name	Last Name	If this Position is currently a Vacancy (Recommending applicant as new member)	Occupation/Background	Term Overview (1st, 2nd,etc)	Appointment Date (Day/Month/Year)	Term expires (Day/Month/Year)
New Members Recommended						
Joyce	Hamilla	Member to be appointed, finishing term of recently resigned member	Public Member 2 - Portland State University Director of Intl. Partnerships	1st	1/18/2017	6/30/2017