



Recommendations

7

Follow-up Report Treasurer Transition 2022

(Internal Audit report #21/22-12 issued March 2023)

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1. Introduction

Audit Authority

The Deschutes County Audit Committee has suggested that follow-ups occur within nine months of the report. The Audit Committee would like to make sure departments satisfactorily address recommendations.

Background on Department and Original Audit

“The Treasury function is managed by the elected County Treasurer. The Treasury function involves the acceptance and deposit of County funds from customers, citizens, and other government agencies that support County operations. In addition, the Treasury function is responsible for the management of cash, all banking relationships and the investment of County funds. Investments are governed by Oregon Revised Statutes and the County’s investment policy.” *County website*

Internal audit has had a practice of reviewing operations for elected officials on transition in their office. Elected Treasurer/CFO Greg Munn resigned effective April 1, 2022. On September 26, 2022, the CFO recruitment was completed. Robert Tintle was the successful applicant and came to the County from Lane County where he had similar responsibilities. Since Mr. Tintle had not been a Deschutes County resident for over a year (a requirement of the Treasurer’s role), he was unable to seek election to the Treasurer’s position. The November 8, 2022, election concluded with Bill Kuhn, being elected as County Treasurer with 63% of the vote. Mr. Kuhn took the oath of office on January 3, 2023.

The County and newly elected Treasurer will need to continue to collaboratively work to assign, delegate, and clarify responsibilities to assure statutory Treasurer responsibilities are met. This should include looking to maintain efficiencies with how duties are currently being performed. When completed, there should be documentation of the Treasurer duties and responsibilities to better understand whether the position is

being adequately compensated on its own.

The review of selected areas within the County investment policy (F10) indicated a couple of areas to strengthen, including:

- The Board of County Commissioners will need to appoint investment officer(s).
- Written systems of internal control over investments should be developed.
- Competitive bids or offers are to be obtained, however there is currently no documentation expectations established to assure this is addressed and retained.
- It was not clear the prior Treasurer had continued the annual review of broker/dealers, and investment advisors. Factors to consider in this review would include: pending investigations by securities regulators, significant changes in net capital, pending customer arbitration cases, and regulatory enforcement actions.

2. Follow-up Results

The follow-up included seven outstanding recommendations agreed to by the County Finance and Human Resources Departments, as well as County Administration.

Figure I -
How were recommendations implemented?

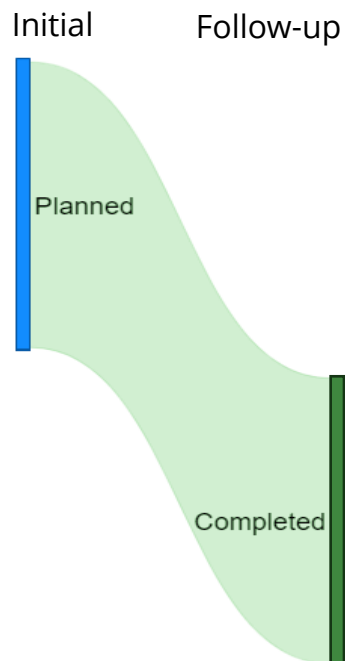


Figure I provides an overview of the resolution status of the recommendations. The details of the follow-up are included in **Appendix A**. In interpreting the status, Internal Audit may sometimes raise or lower the status provided by the department based on communication received from the department. With this follow-up, one hundred percent (100%) of the outstanding recommendations have been fully addressed. As indicated in the provided responses.

3. Appendix A: Updated workplan (status as of October 2023)

Recommendation	Status	Date Completed	Updated comments
It is recommended the County and Treasurer continue to collaborate and clarify the Treasurer assignments, duties, and responsibilities taken to address the associated statutory responsibilities.	Completed	April-23	We were able to document the Treasurer duties and responsibilities and included this as an Exhibit to the Resolution 2023-020 approved by the BOCC on April 26, 2023.
It is recommended for the County to document the elected Treasurer’s duties and responsibilities.	Completed	April-23	See above.
It is recommended for the County to evaluate whether the compensation for the elected Treasurer is commensurate with the duties and responsibilities assigned.	Completed	May-23	This was included and finalized in a discussion during the Elected Officials Compensation Committee meeting on May 4, 2023.
It is recommended the Board of County Commissioners document appointment of investment officer(s).	Completed	April-23	In compliance with ORS 294.035, the Treasurer is designated as the Primary Investment Officer and the CFO is designated as the Secondary Investment Officer for Deschutes County. This action was included in the Board approved Resolution on April 26, 2023.
It is recommended the investment officer develop a written system of internal control over the investments covering the investment policy requirements.	Completed	July-23	This was documented via updates to the investment Policy Statement (F-10).

Recommendation	Status	Date Completed	Updated comments
It is recommended for the investment officer (in coordination with the Investment Advisory Committee) develop and utilize a simple trading document to capture their adherence to policy on investment purchases.	Completed	October-23	The Treasurer developed a sample trading document which was presented to the Investment Advisory Committee on October 12, 2023, and approved.
It is recommended the investment officer assure the annual review (of broker/dealers and investment advisers) occurs and is documented.	Completed	June-23	Required annual review of our approved Broker/Dealers was completed and documented in a memo dated June 21, 2023.

4. Appendix B: Objective, Scope, and Methodology

Objective and Scope



“Audit objectives” define the goals of the audit.

Objective:

The objective was to follow up on recommendations from the original audit.

Scope and timing:

The follow-up included seven recommendations from the internal audit report for [Treasurer Transition 2022](#) issued in March 2023. The original internal audit report should be referenced for the full text of the recommendations and associated discussion. The follow-up reflects the status as of October 2023.

Methodology

The follow-up report was developed from information provided by Bill Kuhn, County Treasurer, and Robert Tintle, Chief Financial

Officer. Follow-ups are, by nature, subjective. In determining the status of recommendations that were followed up, we relied on assertions provided by those involved and did not attempt to independently verify those assertions. The updates received were included in **Appendix A**.

Since no substantive audit work was performed, Government Auditing Standards issued by the Comptroller General of the United States were not followed.

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