



Recommendations
4

Follow-up Report

Finance/Tax – Controls over receipts

(Internal audit report #22/23-8 issued April 2023)

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Table of Contents:

1. Introduction.....	1
Background on Department and Original Audit	1
2. Follow-up Results	2
3. Appendix A: Updated workplan (status as of February 2024).....	3
4. Appendix B: Objective, Scope, and Methodology.....	4
Objective and Scope.....	4
Methodology.....	4

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

This was a periodic review of fiscal controls for the Finance/Tax Department in place during February 2023. The Finance/Tax Department manages all financial activities of the County including annual budget coordination, financial planning, internal and external financial reporting, general accounting, payroll, capital asset records, distribution of property taxes to all taxing districts, cash management and investments, dog licensing and administration, collection and administration of the transient room tax, and administration of the County's long-term debt.

Overall, the Finance/Tax department performed well in providing fiscal control over receipts. Recommendations were developed to assist the Finance/Tax department comply with County policy or prudent business practices for receipts.

The areas identified in the original audit for further improvement included:

- accountability for the movement of funds between people;
- efficiency for daily bank reconciliations;
- audits of transient room taxpayers; and
- management review of adjustments to the property tax system.

2. Follow-up Results

The follow-up included four outstanding recommendations agreed to by the department. **Figure I** provides an overview of the resolution status of the recommendations.

Figure I –
How were recommendations implemented?



The details of the follow-up are included at the end of the report 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, seventy-five percent (75%) of the outstanding recommendations have been fully addressed, as confirmed in the provided responses. The remaining recommendation, concerning the resumption of audits for transient room taxpayers, is actively being addressed. The department has completed a request for proposals, and the contract is currently under review.

3. Appendix A: Updated workplan (status as of February 2024)

Recommendation	Status	Date Resolved	Updated Comment
It is recommended the Finance/Tax department develop and document controls over cash handoffs.	Completed	Apr 2023	The <i>Cash Receipting Process & Procedure</i> documentation has been updated to include witness verification of cash counts compared to each technician’s report.
It is recommended the Finance/Tax department explore elimination of the bank account providing duplicate services.	Completed	Oct 2023	The Tax Refund account has been closed with the County’s bank.
It is recommended the Finance/Tax department resume audits of transient room taxpayers.	Underway	Feb 2024	We have completed the request for proposals for audit services for the Transient Room Tax. We have just chosen the top firm and are in the process of getting the Personal Services Contract completed to route to Legal before sending on to the firm. Audits will begin in April 2024.
It is recommended the Finance/Tax department implement and document periodic management review of property tax adjustment reports.	Completed	Aug 2023	Monthly report reviews have been added to the tax adjustment procedures. The Chief Financial Officer is reviewing property tax adjustment reports monthly.

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 four recommendations from the internal audit report for [Finance/Tax – Controls over receipts](#) issued in April 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 February 2024.

Methodology

The follow-up report was developed from information provided by Judi Hasse, Deputy Tax Collector. 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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