

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. 1101

Amending MCC Chapter 3, Board of Commissioners, to Add §§ 3.500-504 Relating to the Audit Committee

The Multnomah County Board of Commissioners Finds:

- a. On August 16, 1990, the Board enacted Ordinance 660 establishing the Multnomah County Audit Committee and Financial Audit Policy. The ordinance was not codified in the County Code.
- b. Ordinance 660 was amended to delete references to the Department of General Services by Ordinance 722 on May 21, 1992 and to provide for staggered terms of the three citizen members by Ordinance 761 on May 20, 1993.
- c. The Board wishes to update and codify Ordinances 660, 722 and 761.

Multnomah County Ordains as follows:

Section 1. MCC Chapter 3, Board of Commissioners, is amended to add the following sections:

§ 3.500* AUDIT COMMITTEE

§ 3.501 Definitions.

For the purpose of MCC §§ 3.500 to 3.504, the following definitions apply unless the context requires a different meaning:

AGENCY. The entity being audited. This can be the County overall, or a department, office, division, program or fund. In certain cases, it can also include reporting entities operated solely outside of a county organization.

EXTERNAL AUDITOR. The Certified Public Accountant (CPA) or accounting firm in charge of conducting the audit.

AUDIT. The examination and evaluation of an agency's activities by the external auditor to determine that financial operations are properly conducted, that financial reports are presented in accordance with generally accepted accounting principles, and that the agency is in compliance with applicable laws and regulations. Additionally, audits may include the examination and evaluation of the overall adequacy of internal financial controls.

EXCEPTION. Any audit finding requiring corrective action received as part of a final audit report, as well as any written recommendations and suggestions received from an auditor as the result of an audit.

MANAGEMENT. Department or Division Manager.

§ 3.502 Committee Established.

There is established an Audit Committee to serve as a liaison between the Board, the independent external auditor and management, as their duties relate to financial accounting, reporting, and internal controls and compliance.

§ 3.502 Duties.

(A) The Committee assists the Board in reviewing county accounting policies and reporting practices as they relate to the county's Comprehensive Annual Financial Report. The Committee is the county's agent in assuring the independence of the county's external auditors, the integrity of management, and the adequacy of disclosures to the public.

(B) The Committee meets at least annually and as many times as it deems necessary to:

(1) Review, prior to the annual audit, the scope and general extent of the external auditor's planned examination, including their engagement letter.

(2) Review with management and the external auditor, upon completion of their audit, financial results for the year prior to the presentation to the Board. This review should encompass:

(a) The county's Comprehensive Annual Financial Report and Supplemental Disclosures required by General Accepted Accounting Principles (GAAP).

(b) Significant transactions not a normal part of the county's operations.

(c) Selection of and changes, if any during the year, in the county's accounting principles or their application.

(d) Significant adjustment proposed by the external auditor.

(e) Any disagreements between the external auditor and management about matters that could be significant to the county's financial statement or the auditor's report.

(f) Difficulties encountered in performance of the audit.

(g) Violation of federal and state law, County ordinance, and contractual agreements reported by the external auditor.

(3) Request comments from management regarding the responsiveness of the external auditor to the county's needs. Inquire of the auditor whether there have been any disagreements with management that, if not satisfactorily resolved, would have caused them to issue a nonstandard report on the county's financial statements.

(4) Review with the external auditor the performance of the county's financial and accounting personnel and any recommendations that the external auditor may have. Topics to be considered during this discussion include improving internal financial controls, controls over compliance, the selection of accounting principles, and financial reporting systems.

(5) Review written responses of management to “letter of comments and commendations” from the external auditor and discuss with management the status of implementation of prior period recommendations and corrective action plans.

(6) Ensure the final report is presented to the Board within 90 days of completion of the audit. Upon presentation to the Board, the audit will be considered complete.

(7) Recommend to the Board revisions that should be made to the county’s financial policies or internal controls.

(8) Recommend to the Board appropriate extensions or changes in the duties of the Committee.

(9) Assist with external auditor selection:

(a) The selection of the external auditor shall be made according to Oregon Revised Statutes (ORS) and Multnomah County purchasing procedures, rules and regulations concerning proper selection procedures.

(b) The Committee will procure a request for proposals for the external auditor at least every five years for the county’s Comprehensive Annual Financial Report.

(c) The Committee will review the responses to the RFP and make a recommendation to the Board on the selection of the external auditor.

(10) Adopt rules or bylaws consistent with this code and all state and federal laws for its operation.

§ 3.503 Membership.

(A) The Committee is composed of:

- (1) County Chair or designee.
- (2) One County Commissioner appointed by the Chair.
- (3) County Auditor (Non-Voting Capacity).
- (4) One independent citizen appointed by the Chair.
- (5) Four independent citizens recommended by the Citizen Involvement Committee.
- (6) County Chief Financial Officer (Non-Voting Capacity).

(B) Each citizen member will serve a three year term. Terms commence upon appointment and run concurrently with the county fiscal year. Appointments will be staggered. No citizen member may serve more than two consecutive terms.

(C) Selection of the Audit Committee will be designed to ensure the maximum degree of independence for the audit management process. At least one of the five independent citizen members should have financial expertise. Voting members must reside in Multnomah County.

(D) Members of the Committee must have no monetary or investment interest in any matters concerning the selection of the external auditor.

(E) Multnomah County employees and employees of any organization providing or bidding upon audit contract services to Multnomah County are not eligible for membership on the Committee.

(F) The Committee elects or appoints a chairperson to preside at all meetings. The chairperson's duties rotate annually, with no chairperson presiding for more than one year in any term. The Committee designates a person as chair-elect to preside as vice-chair.

§ 3.504 Staff.

The County Auditor's Office provides technical and clerical support to the Committee.Section 2. Ordinances 660, 722 and 761 are repealed.

FIRST READING:

October 11, 2007

SECOND READING AND ADOPTION:

October 18, 2007



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By

Agnes Sowle, County Attorney

SUBMITTED BY:

LaVonne Griffin-Valade, Multnomah County Auditor
Mindy Harris, Chief Financial Officer