



ADMINISTRATIVE POLICIES

SECTION:	Financial Management	POLICY #:	407
TITLE:	Annual Audits	PROCEDURE #:	407-A
		ORDER #:	19-077
DEPT:	Finance	PROGRAM:	N/A
ADOPTED:	05/02	REVIEWED:	REVISED: 06/19

PURPOSE: The purpose of this policy is to establish rules and procedures for the conduct of the annual audit in accordance with state requirements. It establishes the requirements for annual audits and related guidelines for selection of auditors, audit contracts, auditor meetings with the board of commissioners, audit reporting requirements, and addressing audit deficiencies.

AUTHORITY: The Marion County Board of Commissioners may establish rules and regulations in reference to managing the interest and business of the county under ORS 203.010, 203.035 and 203.111, and 203.230.

The Marion County Board of Commissioners expresses the governing body's official, organizational position on fundamental issues or specific repetitive situations through formally adopted, written policy statements. The policy statements serve to provide rules for public officials on the conduct of county business.

The Marion County Board of Commissioners' Administrative Policies and Procedures manual outlines the forms and process through which the board takes formal action on administrative policy. It is the official record of county administrative policy.

Statutory References: Marion County is subject to Municipal Audit Law, ORS 297.405 to 297.555, and Minimum Standards for Audits of Oregon Municipal Corporations, OAR 162-010-0000 to 162-010-0330.

APPLICABILITY: Marion County and its component units.

GENERAL POLICY: The accounts and fiscal affairs of the county and its component units shall be audited each fiscal year in accordance with Municipal Audit Law, ORS 297.405 to 297.555, and Minimum Standards for Audits of Oregon Municipal Corporations, OAR 162-010-0000 to 162-010-0330.

SUBJECT: ANNUAL AUDITS

DEFINITIONS:

Component Unit: A legally separate entity for which the county is considered to be financially accountable; an entity for which the Marion County Board of Commissioners acts as the governing body, approving budgets, setting rates and issuing debt, and for which county personnel are responsible for managing day-to-day operations.

POLICY GUIDELINES:

1. RESPONSIBILITIES

1.1. Required Annual Audit:

- 1.1.1. The scope of the audit shall include programs wholly or partially funded by federal, state and local governmental agencies [OAR 162-010-0020(8)].
- 1.1.2. The audit shall be performed by an independent auditor that is authorized by the Oregon Board of Accountancy to conduct municipal audits in accordance with ORS 297.670 to 297.740.

1.2. Auditor Selection:

- 1.2.1. The county shall undertake a full-scale competitive process for the selection of independent auditors.
- 1.2.2. The audit procurement process shall be structured so that the principal factor is the auditor's ability to perform a quality audit. Price shall not be the sole criterion for the selection of an independent auditor.

1.3. Audit Contract:

- 1.3.1. The audit shall be conducted pursuant to contracts entered into by the auditor and Marion County and its component units [ORS 297.425].
- 1.3.2. Audit contracts shall be multiyear agreements of no less than five years, renewable up to five additional years, for a maximum of ten years in duration, to allow for greater continuity, minimize disruption, and reduce audit costs.
- 1.3.3. Auditors shall be rotated at the end of each contract, to enhance auditor independence, and ensure a thorough and unbiased review of county finances.

1.4. Auditor Meetings with the Board of Commissioners:

- 1.4.1. The board shall meet with the auditor at least twice each year, as outlined below. All such meetings shall take place at properly noticed public meetings.
- 1.4.2. The board shall meet with the auditor prior to the start of the annual audit to review the county's progress on findings from the prior audit, and to discuss specific areas of interest or concern regarding the upcoming audit.
- 1.4.3. The board shall meet with the auditor at the conclusion of the annual audit to review the audit results and any deficiencies.

1.5. Audit Reporting Requirements:

- 1.5.1. The auditor shall prepare a written audit report containing a signed expression of opinion in the form prescribed by the Oregon Secretary of State [ORS 297.465(2)].

SUBJECT: ANNUAL AUDITS

- 1.5.2. The auditor shall furnish a copy of the audit report to the county within six months after the close of the fiscal year under audit, unless the Secretary of State has granted an extension [ORS 297.465(2)].
 - 1.5.3. The audit report shall be distributed to each member of the board, the chief administrative officer, the deputy county administrative officer, the chief financial officer, the chief accountant, the clerk of the board, county counsel, the county clerk, and other parties upon request.
 - 1.5.4. The auditor shall submit a summary of the county's revenues and expenditures for the fiscal year covered by the audit, in the form prescribed by the Secretary of State, within 30 days after delivering the audit report [OAR 162-010-0020(12)].
 - 1.5.5. The chief financial officer shall file a copy of the audit report with the Secretary of State within six months after the close of the fiscal year under audit, unless the Secretary of State has granted an extension [ORS 297.465(3)(a)].
 - 1.5.6. The chief financial officer shall ensure payment of the required filing fee to the Secretary of State when the audit report is filed with the Secretary of State [ORS 297.485(1)].
- 1.6. Audit Deficiencies:
- 1.6.1. The board shall determine the measures necessary to address any deficiencies disclosed in the audit report, and adopt a plan of action to address the deficiencies [ORS 297.466(2)].
 - 1.6.2. The chief financial officer shall file a copy of the adopted action plan within 30 days after filing the audit report with the Secretary of State [ORS 297.466(3)(a)].

2. EXCEPTIONS

The board of commissioners may grant exceptions to this policy, with the exception of statutory requirements.

3. IMPLEMENTATION

The chief financial officer is authorized to implement and assure compliance with this policy.

4. PERIODIC REVIEW

This policy shall be reviewed by the chief financial officer at least every three years, or more often if needed, and updated as necessary.

Adopted: 05/02

Reviewed:

Revised: 06/19