MARION COUNTY
ADMINISTRATIVE POLICIES AND PROCEDURES

SUBJECT: ANNUAL AUDITS

1. POLICY

1.1 Policy: The Marion County Board of Commissioners (board) shall meet annually with the municipal auditor chosen by the county to conduct the annual audit. The board shall meet with the auditor before the actual audit is conducted and after the audit is completed but before the final audit is published.

2. REFERENCES AND GUIDELINES

2.1 Statutory References: Marion County is subject to the Municipal Audit Law, ORS 297.405 to 297.555, and to the administrative rules adopted by the Oregon Secretary of State, Division of Audits, OAR 162-001-0000 to 162-040-0160. Marion County must audit its financial statements annually under contract with an accountant licensed as a municipal auditor by the Oregon Board of Accountancy to do audits. Contracts for audits must be in the form prescribed or approved by the Secretary of State, Division of Audits. ORS 297.405(1) and 297.425. The audits must include an inquiry into the principles of accounting and methods followed in recording and reporting financial transactions and financial conditions by the county; the accuracy and legality of county transactions, accounts, records, files and financial reports; and county compliance with applicable regulations concerning financial condition and operations. ORS 297.425(6).

2.2 County Legislative or Historical References: The Marion County Board of Commissioners has had a practice of holding meetings with the county's auditor before and after the actual annual audit. The board wishes to formalize that practice by adoption of this policy.

2.3 Operational Guidelines - General:

2.3.1 County contracts for the annual audit will include requirements for the auditor to meet with the board at least twice – once before conducting the audit and once after the audit is completed but before the final audit is published. In addition to this, the board will consider multiple year contracts with municipal auditors, and will consider rotating municipal auditors periodically in order to ensure a thorough and unbiased review of county finances.

2.3.2 The general purpose of the meeting before the audit is conducted is to review the county's progress on findings from the prior year's audit and to set the scope of the current audit, including specific areas of interest or

concern to the board.

2.3.3 The general purpose of the meeting after the audit is done but before the final audit is published is to review the findings with the board.

2.3.4 All meetings will be public meetings, usually work sessions, between the board and the auditors. The board expects that the Chief Administrative Officer, Legal Counsel, and the Financial Services Manager will attend the meetings.

2.3.5 If the auditor's report contains any recommendations or notes any deficiencies in the county's accounting or financial practices, the Financial Services Manager shall prepare and submit a written report to the Chief Administrative Officer responding to the auditor's report and advising how the recommendations or deficiencies should be addressed. The Chief Administrative Officer shall submit the report to the board. The Financial Services Manager shall provide the Chief Administrative Officer and the board with periodic progress reports on implementing recommendations or corrections.

2.4 Exceptions: None

2.5 Implementation Authority: None

2.6 Periodic Review: The Chief Administrative Officer shall review this policy every two years and make recommendations to the board for changes, if necessary or desirable.

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