

AUDIT COMMITTEE

Video via Zoom
www.milwaukieoregon.gov

MINUTES

JANUARY 22, 2024

Chair Dake called the Audit Committee meeting to order at 5:34 p.m.

Present: Matt Dake, Mack Golos, Mona Henry, Robert Massey, and Mary Rowe

Absent: None

Guest: None

Staff: City Manager Ann Ober
Assistant Finance Director Michael Osborne
Assistant City Manager Emma Sagor
Accountant Judy Serio

1. CALL TO ORDER AND INTRODUCTIONS

2. APPROVAL OF THE MINUTES

Rowe made a motion to approve the August 10, 2023, minutes as written. **Massey** seconded the motion.

Motion passed with the following vote: Dake, Golos, Henry, Massey, Rowe voting “aye.”
(5:0)

3. COMMUNITY COMMENTS

None

4. DISCUSS AUDIT COMMITTEE MEMO

Osborne provided background on the memo drafted by Toby LaFrance. Contributing factors to the filing extension include the final audit should have been done in mid-October and staff familiarity in drafting the Annual Comprehensive Financial Report (ACFR). Staff has reached out to Merina & Co. for additional assistance with the final document. Auditors review the document, so Aldrich CPAs are not allowed to provide guidance when preparing the ACFR.

Rowe asked if staff knew what previous years’ timelines had been when no extensions were filed.

Osborne stated the launch for audit request for proposals (RFP) would be in March with review of proposals received and interviews being done in April. Ideally, the RFP would state possible dates for the final audit.

Rowe asked given there have been three firms in last few years, is this due to dissatisfaction with the firms or another issue.

Ober responded there are quite a few state requirements. Aldrich's audit manager is still learning the state requirements and there have been other consistent issues with the firm. The city needs an audit firm that will deliver on time audits and provide support to staff when needed.

Massey asked if the staff is pursuing option 2b in the memo.

Ober responded for the FY23 ACFR, Merina & Co has been assisting staff to draft the report.

Massey asked if other agencies are using Merina & Co. for this type of service; will the city be self-sustaining in the future or will this service continue indefinitely.

Ober responded there will be five cities losing Merina as auditors, Milwaukie was not alone. Merina & Co is now a consulting firm and will be able to help Milwaukie grow and will not be needed in the long term.

Dake informed the committee that he spoke to Michael via telephone when the memo was sent to committee members. Would like the committee to have more visibility. Would like to know the difference between an RFP and option 2a in the memo.

Ober explained that audit standards change every year, Merina could prepare the workpapers and the ACFR; the firm can also provide coaching to staff. Option 2b will allow the staff to grow, option 2a is preparing audit papers for the audit.

Osborne added that guidance by the auditors is limited by best practices.

Sagor clarified for the FY23 ACFR, the city is performing option 2b of the memo.

Massey asked **Dake** was aware of the contracting with Merina & Co as a consultant.

Dake responded that Merina & Co were the auditors when he started on the committee and was aware of the transition to Aldrich CPAs. Was not aware Merina & Co were being used in a consulting capacity.

Massey commented that the committee should have been made aware that Merina & Co were contracted as consultants for the city.

Ober disclosed to the committee that Bonnie Dennis, a former finance director, has been contracted to assist with the upcoming budget.

Members discussed the committee's information flow expectation. It was agreed that it would have been best practice to disclose via email what the department was doing and why it was necessary.

Sagor stated the committee's role and referenced the Government Finance Officers Association (GFOA) guidelines.

Ober reiterated the city is about building trust and being transparent and offered to members that staff can be contacted with any questions.

Dake commented that the committee's scope outlined in the bylaws is very restrictive on governance. Would be beneficial to add quarterly or monthly email communications summarizing the status of the audit.

Ober mentioned there had not been contact with the Aldrich partner, which has been done with past audit firms.

Sagor recapped the audit committee members' requests including communication of audit updates.

5. DISCUSS AUDIT TIMETABLE AND FIRM SELECTION

Dake asked the dates of audit season.

Osborne responded July is usually interim audit with final audit taking place in November and the ACFR issued in December.

Golos asked what would be the first indicator that the ACFR is not on target to issue by December 31st.

Ober responded this year that the city was notified a week before the December 4th auditor deadline that an extension would be needed.

Members discussed the date restraints of the current auditors and items to be included in the RFP.

Sagor provided the RFP timeline. Would like two committee liaisons to review the RFP and to participate in interviews.

Members discussed RFP requirements.

Dake, Golos will be the liaisons. **Rowe** will be an alternate liaison.

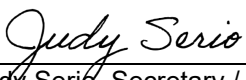
8. ADJOURN

Massey made a motion to adjourn the meeting and **Rowe** seconded.

Motion passed with the following vote: Dake, Golos, Henry, Massey, and Rowe voting "aye." (5:0)

The meeting was adjourned at 6:24 p.m.

Respectfully submitted,



Judy Serio, Secretary / Accountant