

## **AUDIT COMMITTEE**

Video via Zoom  
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## **MINUTES**

**AUGUST 10, 2023**

### **Osborne called the Audit Committee meeting to order at 5:32 p.m.**

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

**Absent:** Mona Henry

**Guest:** Jessica Haynes-Luther, CPA, Aldrich CPAs

**Staff:** Assistant Finance Director Michael Osborne  
Accountant Judy Serio  
Finance Director Toby LaFrance

### **1. CALL TO ORDER AND INTRODUCTIONS**

### **2. APPROVAL OF THE MINUTES**

Rowe made a motion to approve the April 13, 2023, minutes as written. Massey seconded the motion.

Motion passed with the following vote: Golos, Massey, Rowe voting “aye.” (3:0)  
Dake abstained.

### **3. COMMUNITY COMMENTS**

None

### **4. ELECT COMMITTEE CHAIR**

Osborne explained a chair will need to be elected.

Dake made a motion to be chair. Massey seconded.

Motion passed with the following vote: Dake, Golos, Massey, Rowe voting “aye.” (4:0)

### **5. CONTRACTING DISCUSSION**

LaFrance disclosed two inconsistencies in the adherence to city contracting rules.

Osborne summarized the two contracting violations. The first occurred in January 2022 where the city engineer exceeded the City Council authorization for the contract value with Kerr Contractors. The second violation by the city engineer was a lack of a contract with BlackLine for slurry seal repairs. Both these violations will be presented to the City Council on August 15<sup>th</sup>.

Massey asked what discussion was opened in April.

Osborne responded that a work discussion was started.

**Massey asked how finance was made aware of the violations.**

**Osborne responded that finance had received a few citizen claims for property damage which prompted research by Finance.**

**Rowe asked if Finance was made aware of the occurrences at the same time, or if each was revealed separately. What is being done to avoid this happening again.**

**Osborne stated there will be mandatory city-wide training happening soon. The first occurrence was noticed early last year, the second one was discovered as staff were investigating the first one. All contracts are now going through the assistant city engineer. The city engineer is retiring on September 8<sup>th</sup>.**

**Dake asked if the reassignment of contract review is permanently with that position or will it move back to the city engineer once someone is hired.**

**Osborne responded it will move back to the city engineer position.**

## **6. REVIEW OF FY 2023 AUDIT RISK ASSESSMENT AND SCOPE**

**Osborne introduced Haynes-Luther to the committee.**

**Haynes-Luther will oversee this year's audit, with results due to the Secretary of State by December 31<sup>st</sup>. The independent auditor report includes GAAP financial statements, Oregon state regulations and compliance with state laws. Items under review will be local budget law, compliance with public purchasing, deposits and investments. The interim audit took place July 13-14<sup>th</sup> and focused on understanding the entity, policies and procedures, and internal controls; no deficiencies were found. During this time, the audit firm looks to identify if there are any risks in the form of management override of internal controls, non-compliance with Oregon law, improper revenue recognition, and asset misappropriation.**

**Haynes-Luther continued with the fieldwork audit that will take place the week of November 13<sup>th</sup>. During this audit, requested items from the city will be reviewed along with balance sheet accounts. The financial statements and Annual Comprehensive Financial Report will be reviewed. At the end, the auditors will issue an opinion. This year there are three new accounting standards to implement, GASB 91, 94, and 96; currently the city is reviewing to see what qualifies under those pronouncements.**

**Osborne added the city goal is to issue in December.**

## **7. DISCUSSION BETWEEN COMMITTEE AND AUDITORS**

**City staff logged out of the Zoom meeting.**


## **8. ADJOURN**

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

**Motion passed with the following vote: Dake, Golos, Massey, and Rowe voting “aye.” (4:0)**

**The meeting was adjourned at 6:22 p.m.**

Respectfully submitted,

  
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Judy Serio, Secretary / Accountant