

## **AUDIT COMMITTEE**

Video via Zoom  
www.milwaukeeoregon.gov

## **MINUTES**

JANUARY 20, 2022

**Stilson called the Audit Committee meeting to order at 4:01 p.m.**

**Present:** Matt Dake, Mona Henry, Kathy Hyzy, and Mack Stilson

**Absent:** Mary Rowe

**Merina & Co.:** Tonya Moffitt

**Staff:** Finance Director Bonnie Dennis  
Assistant Finance Director Keith McClung  
Accountant Judy Serio

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

### **2. APPROVAL OF THE APRIL 19, 2021 MINUTES**

Stilson made a motion to approve April 19, 2021 minutes as written.

Motion passed with the following vote: Dake, Henry, Hyzy, Stilson voting “aye.”  
(4:0)

### **3. COMMUNITY COMMENTS**

None

### **4. FISCAL YEAR 2021 FINANCIAL AUDIT**

Moffitt began by stating the city received an unmodified clean opinion for their FY21 audit. An explanation of the financial statements and schedules not audited were provided to the committee. The report is now called the ACFR (Annual Comprehensive Financial Report) the previous acronym was derogatory. The city was commended for pursuing the GFOA (Government Finance Officers Association) award once again for their annual report; additional sections to apply for the report include the introduction and statistical sections, these two sections are not audited. There were no management disagreements regarding the city assumptions of the following financial data: depreciation, compensated absences, allowance for doubtful accounts, other post-employment benefits (an actuary provides the calculation) and pension liability. There were no material misstatements or misrepresentations, and no external consultations with other auditors.

Moffitt continued by directing the committee to the independent auditor’s report, page 123. There were no findings related to the legislative rules governing municipal audits.

Moffitt announced Merina & Co. is pivoting away from governmental auditing and focus on advising and consulting services. As auditors, they cannot offer

guidance; this change will allow the firm to assist agencies with their engineering, organization structure and financial planning needs. This change will require the city to hire new auditors for the FY22 audit.

Dennis stated the city respects Merina's business decision and is excited to work with their firm in their new capacity; it is a good opportunity for both parties.

Stilson asked if staff will be excusing themselves in order for committee members to speak to auditors privately.

Dennis responded this usually occurs at the audit kick-off meeting.

Committee members acknowledged they did not have any items to discuss with the auditors privately.

Stilson recognized there were no new pronouncements this year that would change the financial reporting. Asked if Moffitt could summarize what was looked at for internal controls.

Moffitt responded auditors perform a risk-based audit and verify compliance standards are met. City Council members and staff are asked by auditors if there are any concerns related to internal controls. ARPA (American Rescue Plan Act) funds were reviewed. Auditors also look at the prior year's high-risk areas.

Stilson added the statistical section provides interesting city information.

Stilson made a motion to approve the audit results and it was seconded by Henry.

Motion passed with the following vote: Dake, Henry, Hyzy, Stilson voting "aye." (4:0)

Stilson mentioned the FY21 audit will be presented to the City Council at the February 1, 2022 meeting.

## **5. AUDIT SERVICES REQUEST FOR PROPOSAL**

Stilson stated the RFP process will need to move quickly to be in place by June 30<sup>th</sup>; members should be ready to attend a few more meetings.

Dennis confirmed it will be a tight timeline.

McClung acknowledged it will require additional time from committee members; it is a big process to go through along with the budget cycle. The RFP solicitation will be for similar services.

Dennis added the RFP will be very similar to the previous one when the city selected Merina & Co; audits for the urban renewal district and single audits (SEFA) will be included in the RFP solicitation which should be issued in the next few weeks. Submitted proposals will be reviewed by staff first to verify firms meet the requirements. Committee members will review the proposals, interview the firms, and select the audit firm. Ideally, if the selection is completed by mid-June, it will allow the city to schedule interim and final audits with the firm selected.

Stilson will forgo reviewing the RFP solicitation.

Henry will forgo reviewing the RFP solicitation since it was done a few years ago.

Dennis explained the process for the interviews and told members to anticipate either March or April for the interviews.

Dake asked how many firms were interviewed last time.

Dennis responded three firms were interviewed; there are not a lot of municipal auditors in Oregon.

## **6. COMMITTEE BYLAWS REVIEW**

Dennis informed the committee that Rowe is taking sabbatical. Currently, Rowe is serving as Interim Human Resources Director due to a retirement and will not be able to participate in the RFP process given Rowe is under contract with the city until June 30<sup>th</sup>.

McClung asked members if there were any updates to the bylaws. Bylaw #1 will be updated from two to three citizen members. This change was already approved by the City Council.

Hyzy clarified this review process is being done by all the city committees.

Dennis stated this item can be added to the next meeting's agenda to give members time to review.

Dake asked if bylaw #5 refers to Hyzy bringing to the committee what the City Council wants audited.

Dennis responded that at the beginning of the audit there is a kick-off meeting where the audit scope is discussed. Committee members and City Council can add items to the scope of the audit. The purpose of the audit is to make sure city's financial statements comply with GAAP (Generally Accepted Accounting Principles) and internal controls.

Stilson stated the bylaw review will be tabled until the next meeting so that bylaws #5 and #7 can be clarified.

Henry asked how often an audit kick-off meeting occurs.

Dennis responded every year.

Stilson directed members to send bylaw questions to Bonnie; discussion will continue at the next meeting.

## **7. COMMITTEE MEMBER TERM LIMITS HAVE BEEN MOVED FROM MARCH TO JUNE OF RESPECTIVE YEARS**

Dennis explained how the term limits being moved to June will affect committee members.

Dake asked if this change will cause turnover during the audit.

Dennis responded that it is a possibility.

Hyzy added that terms are staggered.

**8. ADJOURN**

**Stilson made a motion to adjourn the meeting and Hyzy seconded.**

**Motion passed with the following vote: Dake, Henry, Hyzy, Stilson voting “aye.”  
(4:0)**

**The meeting was adjourned at 5:04 p.m.**

Respectfully submitted,

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Judy Serio, Secretary / Accountant

DRAFT

## **AUDIT COMMITTEE**

Video via Zoom  
www.milwaukeeoregon.gov

## **MINUTES**

MAY 23, 2022

### **Stilson called the Audit Committee meeting to order at 4:05 p.m.**

**Present:** Matt Dake, Mona Henry, and Mack Stilson

**Absent:** Kathy Hyzy, Mary Rowe (sabbatical)

**Aldrich CPAs & Advisors LLC:** Mercy Hansen, Jessica Luther-Haynes, Andy Maffia

**Staff:** Finance Director Bonnie Dennis  
Assistant Finance Director Keith McClung  
Accountant Judy Serio  
Contract Specialist Kelli Tucker

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

### **2. APPROVAL OF THE JANUARY 20, 2022, MINUTES**

Committee members did not receive the minutes. The minutes will be approved at the next meeting.

### **3. BRIEFING OF THE SELECTED AUDIT FIRMS AND INTERVIEW PROCESS**

Dennis briefed the committee on the interview process; it was shared that there was only one audit firm that submitted a proposal, and that firm will be interviewed at today's meeting.

### **4. STATEMENT REGARDING ANY CONFLICTS OF INTEREST WITH PROPOSED FIRM**

Stilson asked if any committee members had a conflict of interest with Aldrich CPAs & Advisors.

Members did not disclose any actual or potential conflicts of interest.

### **5. INTERVIEW OF PROPOSING AUDIT FIRM FOR AUDIT SERVICES**

Introductions were done among committee members, staff, and Aldrich CPA representatives.

Committee members asked predetermined interview questions to the firm representatives.

### **6. VOTE TO RECOMMEND AUDIT FIRM TO CITY COUNCIL**

Committee members deliberated.

**Stilson made a motion to table deliberations to a future meeting; it was seconded by Dake.**

**Motion passed with the following vote: Dake, Henry, Stilson voting “aye.” (3:0)**

## **7. ADJOURN**

**The Zoom meeting stopped prior to a motion to adjourn.**

**The meeting was adjourned at 5:28 p.m.**

Respectfully submitted,

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Judy Serio, Secretary / Accountant

DRAFT

## **AUDIT COMMITTEE**

Video via Zoom  
www.milwaukieoregon.gov

## **MINUTES**

MAY 26, 2022

### **Stilson called the Audit Committee meeting to order at 4:01 p.m.**

**Present:** Matt Dake, Mona Henry, and Mack Stilson

**Absent:** Kathy Hyzy, Mary Rowe (sabbatical)

**Staff:** Finance Director Bonnie Dennis  
Assistant Finance Director Keith McClung  
Accountant Judy Serio  
Contract Specialist Kelli Tucker

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

### **2. COMMUNITY COMMENTS**

None

### **3. AUDIT PROPOSAL – CONTINUED DELIBERATION FROM MAY 23<sup>RD</sup> MEETING**

Dennis began by stating there were no substantial changes in this process when compared to the process conducted in 2019. The solicitation was posted for more than the minimum required time and notice of RFP was sent to several audit firms including those firms that submitted the previous time. Government auditors are having a difficult time finding employees like other employers right now.

Tucker reiterated that due diligence was done.

Committee members discussed the proposal received from Aldrich CPAs.

### **3. AUDIT PROPOSAL – VOTE TO RECOMMEND AUDIT FIRM TO CITY COUNCIL**

Henry made a motion to approve and recommend Aldrich CPAs as the city's municipal auditors. Dake seconded the motion.

Motion passed with the following vote: Dake, Henry, Stilson voting "aye." (3:0)

#### **4. ADJOURN**

**Dake made a motion to adjourn the meeting and Henry seconded.**

**Motion passed with the following vote: Dake, Henry, Stilson voting “aye.” (3:0)**

**The meeting was adjourned at 4:15 p.m.**

Respectfully submitted,

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Judy Serio, Secretary / Accountant

DRAFT



RESOLUTION NO. 10-2013

**A RESOLUTION OF CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON,  
CREATING AN AUDIT SUBCOMMITTEE OF MILWAUKIE CITY COUNCIL**

**WHEREAS**, the City Council of the City of Milwaukie believes that it is critical to ensure that audits of the City's financial statements are completed annually in accordance with Oregon state law; and

**WHEREAS**, the City Council believes that oversight of the City's independent auditors is shared a responsibility between City management and the City Council; and

**WHEREAS**, the City Council desires the opportunity to assist City management in the review and selection of the City's independent auditor; and

**WHEREAS**, the City Council, without limiting its role or the responsibilities of the City Manager, believes that a subcommittee of City Council can ensure transparency in the management of City audits and provide critical assistance to the auditors and management;

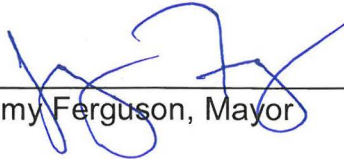
**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MILWAUKIE THAT:**

An audit subcommittee of the City Council shall be created and:

- 1) Consist of one member of the City Council and one member of the City Budget Committee each appointed by the Council for two-year staggered terms and two citizen members with an interest in City government financial operations, with preferences first given to Certified Public Accountants residing within City limits and second to Certified Public Accountants with City affiliation, also for a two year term.
- 2) Solicit input from the Council regarding audit-related issues.
- 3) Review the credentials of potential auditors and make recommendation to the Council as to the selection of the auditor.
- 4) Meet at least twice annually: once to discuss the scope of the annual audit with City management and the independent auditor, and once to review the annual financial statements and to discuss the results and conclusions of the annual audit.
- 5) Assure the scope of the audit meets Council requirements.
- 6) Assure financial statements and audits meet Council needs and are reported to the Council in a timely manner as required by state law.
- 7) Review annually with the auditors, the City Manager and the Finance Director the adequacy of the City's internal controls.
- 8) Review annually the performance of the auditors, provide that information to the Council, and make recommendation to the Council if a change in auditor is recommended.
- 9) Meet and review other audit -related projects as suggested by the City Council.


Introduced and adopted by the City Council on February 19, 2013.

This resolution is effective on February 19, 2013.

  
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Jeremy Ferguson, Mayor

ATTEST:

APPROVED AS TO FORM:  
Jordan Ramis PC

  
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Pat DuVal, City Recorder

  
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City Attorney