



County Legal Integrated Audit Follow-up: Fraud risks addressed but performance reporting still pending

March 2025 Our [2024 audit of the County Legal Department](#) found areas for improvement related to performance reporting and cash handling. Nine months later, the Department conducted a fraud risk assessment and updated procedures such as a new cash handling policy with better segregation of duties. The Department was still working on updating performance measures to better describe what the Department does and how well it does it.



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Recommendation Status Key:

| | | | | | | | | |
|---|---|----------|---|---|------------|---|---|-------------|
|  | 2 | Resolved |  | 1 | In Process |  | 0 | Accept Risk |
| <i>Management addressed risk. Auditors will no longer monitor.</i> | | | <i>Recommendations are in progress. Auditors will continue to monitor.</i> | | | <i>Management accepted the risk of not implementing the recommendation.</i> | | |

Risk areas identified and addressed.

Resolved



Initial finding: When any organization collects revenue there is always the potential for fraud. The Department had not conducted and documented a fraud risk assessment to brainstorm ideas about how someone might defraud the County and then come up with processes to prevent it from happening.

Recommendation: County Legal should conduct a fraud risk assessment, and document outcomes.

Update: County Legal conducted fraud risk assessment identifying risks related to cash receipting, purchasing and office supply inventory. The Department adopted procedures to address these risks.

New procedures segregate duties to protect revenue.

Resolved



Initial finding: No fraud was discovered, but the Legal Department did not have documented procedures for mitigating cash handling risks.

Recommendation: County Legal should document and implement procedures to address fraud risks identified in risk assessments.

Update: County Legal created and implemented a check handling policy that segregates duties.

More descriptive performance reporting in the works.

In Process



Initial finding: The Legal Department's performance reporting did not provide clear information about how well it functioned.

Recommendation: County Legal should create new performance measures that are more useful, relevant, and adequate and consider measures used by benchmark counties including staff workload, timeliness, and satisfaction.

Update: The Department said it would report on improved measures prior to the start of the Fiscal Year 2026 budget cycle. At the time of the March 2025 update the measures were not updated yet.

Next Steps: We will continue to report on the status of in process audit recommendations in our Global Follow-up Report at the end of each calendar year.

The mission of the Office of Internal Audit is to improve the performance of Deschutes County government and to provide accountability to residents. We examine and evaluate the effectiveness, efficiency, and equity of operations through an objective, disciplined, and systematic approach.

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