# Clean Water Services Audit Committee Meeting

**Thursday, June 18, 2026 | 5:30 pm**

**Recorded virtual meeting via Zoom**

## AGENDA

**Introductions**

**Elections – nominate a Chair and Vice Chair**

**Audit Coordination**

- Baker Tilly Component Auditors reporting on CWS
- Schedules/Timing of work (see dates below under Audit Approach)

**Audit Deliverables**

- Opinions on Basic Financial Statements
- Independent Auditor's Report Required by Oregon State Regulations
- Summaries of Revenues and Expenses as required by Minimum Standards
- Communications to Those Charged with Governance
- Uniform Grant Guidance Reporting

**Audit Approach**

- Interim field work (June 22 – 26)
  - Audit Planning
  - System documentation and internal controls testing
  - Fraud and risk assessment
  - Develop audit programs and procedures

- Final field work (October 5 – 9)
  - Perform all remaining audit areas not performed during interim
  - Evaluate audit results
  - Conduct an exit conference with Clean Water Services management

- Concluding Audit
  - Release draft financial statements to the County – November 3, 2026
  - Review financial statements; targeted issuance date – November 30, 2026
  - Complete all audit deliverables – target – November 30, 2026
  - Presentation to the Audit Committee – TBD
  - Presentation to the Board of Directors - TBD

**Significant Audit Areas**

- Management override of controls
- Capital assets-work order accounting, depreciable lives
- Industrial revenue
- Oregon Minimum Standards

**Concept of Materiality**

- Quantitative and qualitative factors
- Used in determining significant risk areas, nature, timing and extent/scope of work and conclusions on findings, if any

**Fraud Discussion (AU-C240)**

Discussion with Committee –Baker Tilly will perform inquiries with Audit Committee members as planned audit procedures to discuss the following:

- View on risks for fraud
- Any knowledge of actual or alleged fraud
- Committee's oversight of fraud risks, assessment controls
- Nature and extent of communications the Committee members desire with regards to fraud
- Areas of concern or interest for Committee

**Current Year Considerations**

- New General Manager – Rahim Harji
- Implementation of GASB 103 and 104
- Captive Insurance Domicile Change

**Audit Team**

Laurel Brayschayko, Senior Manager
503-274-2789
laurel.braschayko@bakertilly.com

Julie Desimone, Engagement Partner
503-478-2101
Julie.desimone@bakertilly.com

Cam Troike, Audit Manager
503-553-1647
Cam.Troike@bakertilly.com

Kathleen Leader, Chief Financial Officer
503-681-3640
leaderk@cleanwaterservices.org

# Clean Water Services Audit Committee Meeting

## Thursday, June 18, 2026 | 5:30 pm

## MINUTES

**COMMITTEE MEMBERS PRESENT**

- Kathleen Leader, Chief Financial Officer, Clean Water Services
- Bruce Cordon, Regulatory Compliance & Audit Manager, Clean Water Services
- Laurel Brayschayko, Senior Manager, Baker Tilly
- Jerry Willey, Clean Water Services Board of Directors
- Michelle Wareing, Chair
- Peter Parmenter, Vice Chair
- Hannah Bui

**COMMITTEE MEMBERS ABSENT**

- Scott Winkels

**MEETING CONVENED**: 5:30 pm

Wareing called the meeting to order at 5:30 pm and welcomed the committee members.

Leader opened the meeting with a public meeting statement. Members introduced themselves. Clean Water Services new General Manager, Rahim Harji, was also present and introduced himself.

Wareing called for a nomination for Chair. Wareing nominated Parmenter. Willey seconded nomination. Members voted all in favor. Parmenter will serve as Chair.

Wareing called for a nomination for Vice Chair. Parmenter nominated Wareing. Willey seconded the motion. Members voted all in favor. Wareing will serve as Vice Chair.

Parmenter was excused from the meeting at 5:40 pm.

**Audit Coordination**

Brayschayko said that Baker Tilly (BT) will conduct the pre-audit of CWS' financial statements as of June 30, 2026.

Brayschayko noted that BT works with Washington County on component auditor documentation on financial information that pertains to CWS.

**Audit Deliverables**

Brayschayko stated that the audit deliverables are similar to deliverables in prior years and provided a brief overview of those deliverables.

Brayschayko explained that the Uniform Grant Guidance Reporting item is referred to as a single audit. It specifically applies to federal funds of one million dollars or more expended in the year under audit. Brayschayko confirmed with Leader that CWS did not receive federal funds in this amount and thus will not be subject to this single audit.

**Audit Approach**

Brayschayko discussed different phases of the audit. BT will meet with CWS staff in different departments for the interim fieldwork during the week of June 22. Final fieldwork will be conducted the week of October 5, with a final exit conference with Leader and the Finance team at the end of the week.

For the concluding of the audit, Washington County and BT will receive draft financial statements by November 3, with a targeted issuance date of November 30.

**Significant Audit Areas**

Brayschayko emphasized that the audit areas highlighted in the agenda do not include all areas of the audit, and then reviewed the four audit areas in the agenda.

**Concept of Materiality**

Brayschayko explained that the concept of materiality is used by BT to determine significant risk areas as well as the extent and timing of their audit procedures.

**Fraud Discussion (AU-C240)**

Brayshayko asked the committee if there were any areas of concern they would like to discuss.

Wareing asked Leader if CWS receives a lot of cash payments. Leader replied that most payments are online or via check.

Brayshayko reiterated to the committee that they can reach out to her or Julie Desimone at any time throughout the audit process should they have any questions or concerns.

**Current Year Considerations**

Brayschayko stated the biggest change the committee will see in the financial statements will be the implementation of GASB 103 and 104 standards. GASB 103 pertains to financial reporting model improvements and provides additional clarity on what is required in the management discussion and analysis, and also provides a more specific definition of what is considered non-operating versus operating revenue and expense. GASB 104 is the disclosure of certain capital assets. Brayschakyo said that after working with Leader and her team to evaluate this standard, it may be possible that there will be a minimal impact for CWS.

Leader stated that CWS is changing domicile for the captive insurance company from Hawaii to Arizona effective June 30, 2026. Leader added that CWS will be audited by the Arizona audit firm Larson and Company, and will continue to be managed by Marsh.

Wareing asked what is the threshold for capital assets and Leader replied $25,000. Wareing also asked if any debt was issued this year, to which Leader replied no.

Wareing closed the meeting.

**MEETING ADJOURNED**: 5:55 pm