

The Davis County Audit Committee met in room 104F of the Davis County Administration Building located at 61 S Main Street, Farmington, UT 84025 on Monday, June 3, 2019 at 4:00 pm. Notice of this meeting was given under the requirements of Utah Code Annotated §52-4-202.

Davis County Audit Committee members present were: Commissioner Stevenson; Commissioner Elliott, Commissioner Kamalu; John Nixon, Vice President at the University of Utah; and Tracy Probert, Finance Director at Layton City. Davis County staff present were: Curtis Koch, Davis County Clerk/Auditor; Blake Woodall, Davis County Internal Auditor; Neal Geddes, Davis County Chief Deputy Civil Attorney; and Janet Hanson, Davis County Commission Office.

AGENDA:

1. Introduction of newly appointed DC Audit Committee members:
 - o John Nixon, Vice President at the University of Utah
 - o Tracy Probert, Finance Director at Layton City
2. Review and purpose of the DC Audit Committee
3. Review DC Financial Policy: Section 1200 - Audit Committee
4. Nominate and vote for Chair and Vice-Chair of the Audit Committee
5. Financial Reports for First Quarter 2019 – Doug Stone, DC Lead Reporting Auditor
6. Determine the best time of day and frequency for the DC Audit Committee to meet.
 - o Next meeting: TBD
7. Meeting Minutes: May 6, 2019

CLOSED SESSION

Motion to adjourn to closed session, if necessary, for reasons permitted under UCA 52-4-205.

1. County Risk Assessments
2. Pending Audits
3. Fraud & Ethics Hotline

RECONVENE

Action taken, if any, regarding matters discussed in closed session.

Disclaimer:

The meeting was an open dialogue. Critical points in the discussion have only been briefly summarized. The reader may refer to the audio recording and the publicly distributed materials for further clarification of content. Timestamps have been noted in the minutes to aid in locating points of discussion in the audio recording.

All documents from this meeting are on file in the Davis County (DC) Commission Office.

The meeting commenced at 4:00 pm.

Welcome and introductions (minute 00:26):

1. Commissioner Kamalu introduced John Nixon, Vice President at the University of Utah.
2. Commissioner Stevenson introduced Tracy Probert, Layton City Finance Director.

Review and purpose of the Davis County Audit Committee (minute 3:05):

Curtis Koch explained that he has worked to have a functioning Audit Committee in place for the past 5 years. As the chief financial officer for Davis County, he cannot audit himself. It was explained that in county government, commissioners have both legislative and executive responsibilities. As Auditor, he has an independent voice and can give direction, but the commission ultimately makes the decision for the county, i.e. budget, policy & procedure, etc.

The purpose of this committee is: 1) external audit focus. The Clerk/Auditor Office is audited annually by an external auditor, Ulrich & Associates; 2) currently, the Clerk/Auditor will continue to perform internal audits. The audit reports will be provided to the Audit Committee for their review and take possible action; 3) it is the intent of the County Auditor to submit an annual internal audit plan to the Audit Committee; and 4) statutorily there is an annual requirement for the State (Treasurer) to meet and review the County's internal control structure. The Audit Committee, most likely, will grow and develop.

Review Davis County Financial Policy, Section 1200 – Audit Committee (minute 11:50):

Commissioner Stevenson reviewed Davis County Financial Policy, Section 1200 – Audit Committee (attachment A1) and stressed the “confidentiality” section.

Nominate and vote for Chair and Vice-chair of the Audit Committee (minute 14:45):

Commissioner Elliott made a motion for Bob Stevenson to be Chair of the Audit Committee. Commissioner Kamalu seconded the motion. All voted aye.

Commissioner Elliott made a motion for Lorene Kamalu to be Vice-Chair of the Audit Committee.

Commissioner Stevenson seconded the motion. All voted aye.

During the nomination process it was confirmed that Tracy Probert is not a Davis County resident but works in Davis County. There was discussion to amend the policy that committee members be residents of/or work in Davis County. Commissioner Stevenson indicated that with this committee being new, there can be adjustments made.

ACTION ITEM: Amend the DC Financial Policy: Section 1200 - Audit Committee, Membership, that rotating members shall be residents of Davis County “or work in Davis County.”

Financial Reports for first Quarter 2019 – Doug Stone, DC Lead Reporting Auditor (minute 16:40)

Davis County staff members Doug Stone, Davis County Lead Report Auditor and Heidi Voordeckers, Davis County Chief Deputy of Audit and Finance joined the meeting.

Per Utah State Statute [17-36-36], the Auditor's Office is required to provide a financial report to the commission on a quarterly basis, and a cash positions report on a monthly basis (Attachment B). Previously, these reports had been made in commission meetings and it was felt that this committee may be a better setting for a better dialog and discussion.

Doug Stone reviewed the “Financial Reports March 31, 2019” (attachment B1). The majority of County revenues are property taxes which are received in November. Traditionally, Davis County has used tax anticipation notes to bridge the cash flow. Curtis indicated that the County is moving in a positive financial direction and that in the future tax anticipation notes may not be necessary. There was review and discussion of the report.

Recommendations for changes to the report were:

- Footnote the change of direct funds to Paramedic, Health Dept., and Public Works;
- Separate out the columns for the change of direct funds; and

ACTION ITEM: It was recommended that the commissioners discuss the golf courses viability.

Meeting minutes May 6, 2019 (minutes 45:54):

Commissioner Elliott made a motion to approve the Audit Committee meeting minutes from May 6, 2019. Commissioner Kamalu seconded the motion. All voted aye.

Determine the best time of day and frequency for the DC Audit Committee to meet (minute 46:25)

Considering the requirements by State Statute for financial reporting and reviewing internal audits it was determined to begin with bi-monthly meetings on the first Monday of the month, late afternoon for 2 hours (3-5pm). Due to conflicts, the next meeting will be scheduled for August 12, 2019 [rescheduled for August 6, 2019]. Holding meetings quarterly will be the goal. Due to out of town travel conflicts, it was suggested that electronic meetings be included in the Audit Committee Policy.

ACTION ITEM: Include electronic meetings in the By-Laws [Audit Committee policy].

Curtis shared the Davis County Internal Audit Function work flow (attachment C1) to give the members an idea of what audit reports they will be reviewing. He explained the various types of reports. Performance audits can be performed by written request or contract with an outside entity.

The Tyler Munis (new financial system) will be launching July 1st replacing the in-house finance system. There are separate accounting systems in the Sheriff's Office (Commissary) and the Health Dept. which feed information to the in-house program. The Sheriff's Office is preparing to go out to bid or sole source for a new financial system.

Curtis reviewed the staffing positions in the Audit side of his department (10). There are approximately 1,000 employees working for Davis County.

There was no need to go into a closed session (minute 1.02):

The possible agenda items that would be addressed in a closed session were described:

- 1) **County Risk Assessments;**
- 2) **Pending Audits and**
- 3) **Fraud & Ethics Hotline.**

Meeting adjourned (minute 1:09):

Commissioner Kamalu made a motion to adjourn the meeting. John Nixon seconded the motion. All voted aye. The meeting adjourned at 5:09 pm.

The audio recording for this meeting is available based upon the County's current retention schedule.

All publicly distributed materials associated with this meeting are on file in the Davis County Clerk/Auditor's Office, and attachments are noted as follows:

Attachments:

- A1 - Davis County Financial Policy, Section 120 – Audit Committee
- B1 – Davis County Financial Reports March 31, 2019
- C1 – Davis County Internal Audit Function

Minutes prepared by: Janet Hanson
Commission Office

Approved on: August 5, 2019

/s/ Bob J Stevenson
Bob J Stevenson, Audit Committee Chair