

MINUTES
OGDEN CITY FINANCIAL AUDIT COMMITTEE
June 14, 2024

Minutes of the Ogden City Financial Audit Committee held on Thursday, June 14, 2024, at 3:00 p.m., held in person and via electronic means hosted at 2549 Washington Boulevard, Ogden City, Weber County, Utah.

Present: Acting Chair Ken Richey
 Committee members Shaun Myers (via Zoom)

 Ex-Officio members Council Executive Director Janene Eller-Smith
 Council Deputy Director Glenn Symes
 Comptroller Justin Sorensen
 Management Services Director Lisa Stout
 Chief Administrative Officer Mara Brown

Also present: Deputy Comptroller Korahle Jansen
 HBME Partner Jeff Miles, CPA (via Zoom)
 Chief Deputy Recorder Lee Ann Peterson

Acting Chair Richey welcomed those present.

Approval of Minutes

ACTING CHAIR RICHEY MOVED TO APPROVE THE MINUTES OF THE MEETING HELD DECEMBER 7, 2023. MOTION WAS SECONDED BY COMMITTEE MEMBER MYERS, ALL VOTING AYE.

Proposed Fiscal Year 2024 Audit Process and Schedule

Deputy Comptroller Jensen said that HBME is scheduled to come out and observe inventory on June 28, 2024, and the preliminary field work will be at the beginning of August. For the Comptroller's Office the schedule of federal expenditures will be sent to the auditors by the end of September and will be sending it off with the trial balance at the end of October. Tentatively the main field work has been scheduled for October 28, 2024, through November 8, 2024, and then submitting the ACFR for the auditors to review by November 18, 2024, with the anticipation of getting that back at the first of December. Corrections are discussed with the auditor and then the auditors' responses will be reported to management at the beginning of December along with management responses. Then the Comptroller's Office will be presenting to the Audit Committee in mid-December, with the final ACFR for Council review shortly thereafter. A work session could be scheduled for the auditors in February 2025. Council Deputy Director Symes will reach out to everyone well ahead of time to get the Audit Committee meeting scheduled in December.

Fraud Assessment Progress for Fiscal Year 2024

Ms. Jensen stated Comptroller Sorensen went through the fraud assessment and it is very similar to last year. As of right now the City has a score of 350 which is the low risk level. She indicated that previously there was an item where the City was going to look at having the Council do assessment training through the State Auditor's Office and management was waiting for an update on whether that happened. Council Executive Director Eller-Smith

responded that not all of the Council members did the training. Ms. Jensen pointed out that if it were to be completed then the score would increase to 375. She talked about what is used to determine the score; if there is a separation of duties and if there are policies for certain items, and education and licensing of the Comptroller/Finance staff. Staff is required to have a certain number of CPE hours to keep up to date on issues. If the entity (the City) has a fraud hotline and then an audit committee that is also factored in. Ms. Eller-Smith asked if the assessment training by the Council members was to be completed by June, would that make a difference. Ms. Jensen indicated she would send the link for the assessment out and that will have the link to the training there. She pointed out that the training is robust with 18 lessons, with Ms. Eller-Smith noting it would not be able to be completed during a work session so the training might not be completed by the end of the year. Management Services Director Stout said a low score is really good and maybe training can be looked at for next year. HMBE partner Miles commented the bulk of the cities he works with are in the 350 level and that is doing very well. The City having an active, functioning audit committee goes a long way towards that score along with a fraud hotline, which both have been done. He feels that is more important than having the training. Acting Chair Richey suggested it would be good idea to have members serving on the Audit Committee complete the training.

Debrief Fiscal Year 2023 Audit

Mr. Miles reported there is not too much to debrief at this point and there are no significant findings or recommendations that came out of the audit. He said Mr. Sorensen and Ms. Jensen have been very involved in the audit the last couple of years so he does not anticipate there being much of an issue with regard to staff changes within the City's Finance Department.

Mr. Miles indicated there is one new accounting standard that is out there, GASB 101, which is related to compensated absences. Technically the City is not required to implement it until Fiscal Year 2025.

Proposed Fiscal Year 2024 Inventory Review

Mr. Miles said that the auditors are planning on counting the Central Stores and Water; the other locations that have inventory are not significant. Previously the Golf locations were looked at and things looked good there. There is a small risk of theft but not a very significant amount. He deferred to the to the Audit Committee to see if there was another area they would like looked at.

Mr. Symes asked what the locations for inventory are. Ms. Jensen responded the two Golf stores, Union Station, Central Stores, Water, and Street Signs. He asked about Recreation. Ms. Stout indicated the equipment there would not be considered inventory for this purpose and the cost of those items do not rise to the level of fixed assets - they are just small tools and equipment.

Ms. Jensen said The Corner was looked at, but the inventory was only about \$5,000 and would not be enough to warrant inclusion.

Mr. Miles reminded everyone there were some issues Central Stores three years ago with inventory management and because of that it is kept on the list to make sure there are good procedures. Acting Chair Richey said the Mayor is requesting a new position in Central Stores so it would not be short staffed. Mr. Miles commented that when thinking about other cities, if there is only one person and that person is gone, the inventory is not there for a day, so to have an extra person on hand is helpful.

Mr. Miles stated that as far as the 2024 Audit, the timing is good and if extra week is needed for the schedule that could be accommodated. He mentioned that one of his audit managers just left but that should not impact his staff or timing of the schedule.

Acting Chair Richey pointed out that there was some concern about the timeliness of approved minutes and he reported that has greatly improved. Mr. Miles noted that the City was not out of compliance, but it was an area that

could be improved.

Agreed Upon Procedures Audit – Redevelopment Agency (RDA)

Ms. Eller-Smith reported she drafted some agreed up procedures and met with HBME partner Hixon for some changes and is not sure where things are at this point.

Mr. Miles stated he talked about the RDA audit with Mr. Hixon who said it has been started but there is a little bit of a backlog. Mr. Hixon anticipates working on it in July and getting a first report issued soon.

Timeline for Auditor Contract RFP

Mr. Symes said this is last year of contract with HBME and while the experience has been fantastic, the City needs to go out to RFP again so that process will begin in the fall. Mr. Miles asked if HBME can bid again, with Mr. Symes responding yes. He reviewed the RFP process and said the City hopes to get someone in place by the first of the year. Mr. Miles stated said there have been a couple of RFP's lately where firms have been contesting whether management should be involved in the process. He suggested the City check with State Procurement to see who is allowed to be on the selection committee. There has been discussion whether the committee should be exclusively audit committee members outside of management since the decision is made by the council.

There being no further business to come before the Committee, **ACTING CHAIR RICHEY MOVED TO ADJOURN THE MEETING AT 3:24 P.M. MOTION WAS SECONDED BY COMMITTEE MEMBER MYERS, ALL VOTING AYE.**

LEE ANN PETERSON, MMC
CHIEF DEPUTY CITY RECORDER

KEN RICHEY, ACTING CHAIR

APPROVED: December 12, 2024