Audit Committee
October 25th, 2024

In attendance:
John Haderlie (external auditor), Quinn Hall, Trisha Hedin, Karen Kurtin (financial consultant), Kevin Walker, Bill Winfield, Gabe Woytek (if needed)
Citizens: Matt Hancock

Call to Order: 1:05 pm

Citizens to be Heard: None

General Business/Action Items:

Approval of Minutes from September 23, 2024 - Motion by Bill Winfield, seconded by Trish Hedin - approved unanimously

Review Grand County Financial Statements (2023)

John Haderlie - The audit went fairly well on the county side, he would like to see Squire a bit more involved - Squire came a week before and made the adjustments. John feels that the trial balances need to be looked at intensely and these adjustments and codings should be in place before the external auditor arrives. The new financial advisor (Steve Vowles) for the county would like to draft the financial statements and Larson will provide the templates for doing so. John will provide support for this endeavor. John's largest concern was getting the component units in place on time. John was ready by June 30th; however, they were still waiting for component units (which took a significant amount of time). John does feel that Gabe is coming into his job (groove), he understands his obligations and at some point, Squire may not be needed in the future. May be able to save money if you phase Squire out. It is recommended that the county drafts its financial statements and then Larson tests all of the balances within the financial statements. Larson cannot make management decisions, thus they make recommendations to Gabe. This helps maintain Larson's independence. Larson audits 9 counties in Utah and they assist in about 75% of the drafting of their financial statements.

Bill Winfield wanted to go over the state audit. We haven't received any recommendations from our auditors (internal or external) on how to deal with the state audit. Bill stated that we are the worst county in the state in regard to auditing. John stated that their scope is an opinion on our financial statements. John spoke to the state auditor and it is not Larson's job to tell us how to spend money. There is a lot of ambiguity in the state code as it pertains to TRT. Bill asked about the clerical error. John stated that he wouldn't normally test for this and thus it was up to the state auditor to catch that error. The state auditor sets the yearly requirements for audit. The state auditor told John that most of the issues have been taken care of (overall) regarding Grand County's state audit. Bill feels that the process is backward. The audit committee should review the financial statements, then the commission, and then submit them to the state.

In the future, John would like to meet with the internal audit committee before Larson begins fieldwork. Then John could have used the audit committee's recommendations to move him through his external auditing process. For example, TRT was not in his purview, and thus in the future, the audit committee could outline where we want him to concentrate on his efforts. Bill feels that the importance of the internal audit committee has been lost and we need to revitalize its importance. John agrees; however, the state has not provided a template for internal audit committees statewide.

Karen Kurtin had questions for John. She wanted him to review the big-picture changes in the county's financial position with the audit committee. John recommended that Gabe present a year-to-year comparison of operating monies. We recommended that Karen provide her questions and/or assessments before the next audit committee meeting so that Gabe can answer these questions.

Unassigned, fund balance in the General Fund for 2025 10.2 million. If we have to pay back TRT monies, it could come out of that fund which could be upwards of 2.2 million.

Page 22 of the Financial Statements is imperative to understand because these monies are what we have to operate in the next 12 months.

Karen recommended that in the future

Draft Request for Proposal (RFP) for Auditing Services

Gabe pulled a template from the state auditors' website. He highlighted items that need to be adjusted to put that RFP in place. The selection of this contractor should be made independently from the Clerk's office. Karen recommended a 5-year cycle for an external auditor. Frequent changes keep an auditor at a surface level, which lacks value for the county. There were some errors in a previous audit, they have been fixed and Kevin recommended that we keep our auditor for five years. Gabe would like to see us keep our external auditor for five years. He feels that these challenges have enhanced his relationship with Larson. They (external auditors) are familiar with the process and what is expected. Karen agreed that this institutional knowledge built with an eternal auditor over the years is important. She did recommend that in the future, we try to get that audit completed sooner (well in advance of filing with the GFOA). Larson is in their third year. Bill reiterated that we need a high level of scrutiny to keep us out of the state auditor's purview.

Kevin made a motion to continue with Larson for the next year and put it on the agenda for discussion. Seconded by Trish. Passed unanimously.

Recommendation by Kevin that in the November agenda, we discuss component units and how to put pressure on these component units to get their audits done earlier.

John stated that it would be beneficial for Larson to do all of the component units. He stated that you need to be careful to find auditors (if folks are looking) who are not also doing taxes because they are in tax season and would delay audits until after April. Auditors need to have a peer reviewer to make it a viable auditing firm. Karen asked if those small component units even needed an audit or if they could be folded into the county's audit. John stated that some components are not required to be audited. Others require an audit.

Adjourn: 2:21 pm

*Management shouldn't be a part of an audit committee meeting (John Haderlie) referring to Gabe Woytek's involvement in this meeting