

**CENTERVILLE INTERNAL AUDIT COMMITTEE
MINUTES OF MEETING
Tuesday, December 22, 2020**

Held electronically via Zoom due to Infectious Disease COVID-19, the meeting of the Centerville City Internal Audit Committee was called to order at 5:35 p.m.

MEMBERS PRESENT

Brant Hanson, City Manager
William Ince, Councilmember
Jacob Smith, Finance Director/Administrative Services Director
Clark Wilkinson, Mayor

MEMBER ABSENT

Marcus Arbuckle, Keddington & Christensen

STAFF

Jolene Jackson, City Treasurer
Lisa Romney, City Attorney
Cameron Woodbury, Drainage Utility Operator

DETERMINATION

Mayor Wilkinson read a determination regarding electronic meetings without an anchor location due to COVID-19

DRAINAGE UTILITY BILLING

City Manager Brant Hanson reported that abnormalities were found in the City billing system related to drainage utility fees. City Treasurer Jolene Jackson explained multiple Centerville businesses had not been charged drainage utility fees for several years (some back to 2009) because of issues in the utility billing process/formula for new business occupants.

Mr. Hanson explained measures to prevent the issue from happening moving forward, including the addition of a drainage agreement to the form for water and waste disposal agreements for new businesses. Ms. Jackson explained additional proposed changes to internal office procedures, and Mr. Hanson spoke of checks and balances between departments. Jacob Smith, Finance Director/Administrative Services Director, suggested he work with Ms. Jackson to put measures discussed in place.

Responding to a question from Mayor Wilkinson, Ms. Jackson stated the random sampling tested by external auditors each year had not included any of the businesses missing the drainage utility fee.

The Audit Committee discussed potential recovery of unpaid drainage utility fees. Mr. Hanson emphasized the need to reach out individually to each of the business owners to let them know of the error, and mentioned the need to be objective and consistent with recovery of past amounts. Mayor Wilkinson expressed the opinion that it was the City's mistake, and recovery attempts should only go back to a certain point, if at all. Ms. Romney explained that the City had six years to collect on a contractual obligation under State law. She said it did not appear the City had individual contracts in place for drainage utility services, but multiple sections of City ordinances state it is the obligation of a property owner to pay drainage utility fees. Ms. Romney advised that the statute of limitations for collection of drainage utility fees would probably be four years. She expressed the opinion that the City was a fiduciary in the public trust, and had an obligation as a public entity to retrieve some of the unpaid amount.

Mr. Hanson listed the following possible options for collecting past drainage utility fees: going back to the beginning of the current fiscal year; going back to the beginning of the last fiscal year; or going back to the beginning of the calendar year. Ms. Jackson suggested the City soften the blow for businesses by showing the full unbilled amount along with the amount requested. Mr. Hanson added that payment plans would be available. He requested Ms. Jackson put together a list of recoverable amounts (four years as of January 2021) and total amounts for review by the Internal Audit Committee at the next meeting on January 14, 2021. Councilmember Ince requested a 12-month fiscal year column as well.

FINANCIAL AUDIT REPORT

The Internal Audit Committee discussed a particular finding on the Financial Audit Report. Mr. Hanson mentioned plans to begin the process of recruiting for the new Finance Director position.

The meeting adjourned at 6:30 p.m.


Jennifer Hansen, City Recorder

12-23-2021
Date Approved


Katie Rust, Recording Secretary

