MINUTES OF THE AUDIT COMMITTEE MEETING
OF JORDAN VALLEY WATER CONSERVANCY DISTRICT
(Unapproved and subject to change)

Held May 24, 2022

The Audit Committee meeting of Jordan Valley Water Conservancy District (JVWCD) was held in person and electronically on Tuesday, May 24, 2022, at 10:30 a.m. at JVWCD's office located at 8215 South 1300 West, West Jordan, Utah.

This meeting was conducted electronically in accordance with the Utah Open and Public Meetings Act (Utah Code Ann. (1953) §§ 52-4-1 et seq.) and Chapter 7.12 of the Administrative Policy and Procedures Manual ("Electronic Meetings").

Committee Members Present:
Corey L. Rushton, Board Chair, JVWCD (electronically)
John H. Taylor, Board Member, JVWCD (electronically)
Sunil Naidu, CFO, City of South Jordan
David Martin, CFO/Treasurer, JVWCD

Also Present Were:
Mark Stratford, General Counsel, JVWCD
Brian McCleary, Controller, JVWCD
Ron Stewart, CPA, Gilbert & Stewart (electronically)
Aaron Hixson, CPA, HBME, LLC (electronically)

Agenda Item No. 1: Review report of the internal auditor, Aaron Hixson (HBME, LLC)

Mr. Aaron Hixson, CPA of HBME, LLC, presented the internal audit work and report for 2021 to the Committee. Suggestions were made regarding JVWCD's Purchasing Card (P-Card) policy which included changes to identify how long P-Card purchases receipts should be kept, better documentation of purchases to show a clear purpose for purchase, and the addition of a fuel card policy, with controls for supervisor fuel cards clearly defined.

Agenda Item No. 2: Discuss internal auditor work plan for 2022

Several possible focus areas of the annual internal audit plan were presented. Three of the possible areas presented were selected for internal audit focus for 2022 which included leases, sale and auction process of vehicles and equipment, and gifts.

Agenda Item No. 3: Review and discuss fraud hotline complaints and any incidents

Mr. David Martin reviewed two complaints received through JVWCD's fraud hotline. Both were about water waste, and both complaints were reported to the cities where the water waste occurred. A fraud incident which took place in 2021, was also reported to the Committee. The incident was from a fraudulent direct deposit form. Controls were discussed to prevent this type of incident from happening in the future.

Agenda Item No. 4: Meet with the independent auditor, Ron Stewart, and review the following:

*   ***a. Timing of the financial statement audit for the year ending June 30, 2022***
*   ***b. Audit work plan***

Timing of the independent financial statement audit was discussed, and it was determined that it will take place during the first week of September.

c. Discuss new GASB pronouncement Statement No. 87 Leases

A brief review of a new accounting standard, GASB 87 Leases, was presented. The goal of the new lease accounting standard is to 1) more accurately portray lease obligations, and 2) increase the usefulness of governmental financial statements. The new standard will be implemented this year.

d. Any additional procedures requested by the Audit Committee

Additional procedures requested by the Audit Committee were to have 100% confirmation of wholesale accounts receivable. Other requests included increasing the sample size for the testing of controls for P-Card transactions, and to also test some fuel card purchases as part of the internal control testing.

e. Audit report to be presented to the Board November 9, 2022
f. Discuss audit report preparation

The audit report will be presented to the Board in November. Staff will prepare the financial statements report, which has been prepared by the auditor in the past, and it will be audited and reviewed by the independent auditor. The independent auditor will issue an Independent Auditors' Report, which will include an opinion, and will be attached to the audited financial statements.

g. Discuss annual audit reporting requirements

Audit reporting requirements, according to Utah Code, were discussed with the Committee. No action is required by the Board when the audit report is presented. It was suggested to include the presentation of the audit report as part of the Finance Committee report on the November 9, 2022, Board agenda.

Agenda Item No. 5: Review the State Auditor's Fraud Risk Assessment for 2022 and District internal controls that are in place

The State Auditor's Fraud Risk Assessment was presented to the Audit Committee. The Assessment indicated that JVWCD has implemented all areas of the assessment, and scored the maximum points.

Agenda Item No. 6: Questions from Audit Committee Members

There were no additional questions from the Audit Committee Members.

Agenda Item No. 7: Adjourn