DAVIS COUNTY AUDIT COMMITTEE
MEETING MINUTES – JANUARY 10, 2023
BOARD OF DAVIS COUNTY COMMISSIONERS

The Davis County Audit Committee met in room 306 of the Davis County Administration Building located at 61 S Main Street, Farmington, UT 84025 on Monday, January 10, 2023 at 3 pm. Notice of this meeting was given under the requirements of Utah Code Annotated §52-4-202.

Davis County Audit Committee present:
Commissioner Bob Stevenson, Commissioner Lorene Kamalu, Commissioner Randy Elliott, Neal Geddes, Tracy Probert, John Nixon, Shauna Brady

Agenda guests:
Curtis Koch, Auditor; Blake Woodall, Internal Auditor

Public present: None

Agenda as posted:

PUBLIC NOTICE is hereby given that the Board of Davis County Commissioners, Farmington, Utah, will hold an Internal Audit Committee Meeting at the Davis County Administration Building, 61 South Main Street, Suite 306, Farmington, Utah, commencing at **2:00 pm on Tuesday, January 10, 2023.**

<u>AGENDA:</u>

1. Meeting Minutes: September 19, 2022
2. Next meeting: March 6, 2023
3. Discussion: Bank Reconciliations

<u>CLOSED SESSION</u>

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

<u>RECONVENE</u>

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

Agenda Items for Discussion:

1. Neal Geddes made a motion to approve the minutes of the September 19, 2022 meeting. Commissioner Elliott seconded the motion. All voted aye.

2. The next Audit Committee Meeting is scheduled for March 6, 2023.

Curtis Koch presented the following:

1. A bank reconciliation issue was discussed in the Audit Committee Meeting held on January 10, 2023 where three payments of $352.52 were recorded in the Assessor's Office on three different dates for the same vendor. This error was not discovered for about six months. He stated the challenge is that when the following bank reconciliation came through, the error had disappeared without any correcting entries. Curtis reported that the Assessor's office looked to the County IT department for help and was inappropriately taught how to get around the system using a cancel balance feature. The IT director has talked with his programmer regarding this. Curtis emphasized that if you have a programming error, you seek help from the IT department. If there is a reconciliation error, the auditor gets involved. At this point, the only way to make a correction is to adjust the data base. Curtis' position is that we should never manipulate the data and will not approve it. We need to look at processes and a lack of internal controls. He reiterated three points of our internal reconciliation programs to avoid these types of issues: 1) general ledger (Tyler Munis program); 2) Wells Fargo; and 3) receipt book.

2. Curtis also addressed an issue of 53 checks that were taken to the Treasurer's office by the Auditor's office. However, only 11 checks made it to the bank – 42 checks totaling $29,000.00 went missing. The video camera in the Treasurer's vault does not show the work area, so the results are inconclusive. The Treasurer's office is now reaching out to 42 individuals. Curtis emphasized "Prevent. Detect. Correct."

3. The Auditor's office is working with the County Attorney's office regarding a possible co-mingling of funds between the Children's Justice Center (CJC) and the Friends of the CJC (Friends). The two are separate and distinct organizations and, as such, the state training prohibits CJC directors from engaging with the Friends as board members as a protection of state funding. The CJC is a county department overseen by the state. The director of the CJC is currently an executive board member of Friends and receives monies for Friends at the CJC. The director gave the Auditor's office bank records which show there were checks made out to the CJC and handed to the Friends of CJC. Neal Geddes commented that CJCs across the state feel it is almost impossible to do a good job without having a very active Friends board that actively solicits donations. "The problem we have here is that ours is so inter-mingled that it is hard to distinguish the line between the CJC and the Friends of the CJC and what are the responsibilities of each." Curtis would argue that there are enough contributions in Davis County for the CJC that the Friends of the CJC organization is not needed. Bob suggested we wait to see what is determined in the attorney's office.

Closed Session: (2:35 pm)

Commissioner Kamalu made a motion to move to a closed session as permitted under Utah Code Annotated §52-4-205. Commissioner Elliott seconded the motion. All voted Aye. (2:35 pm)

Meeting Reconvened: (3:03 pm)

No action was taken regarding matters discussed in closed session.

Commissioner Kamalu made a motion to adjourn the meeting. Commissioner Elliott seconded the motion. All voted aye.

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

Minutes prepared by:
Shauna Brady
Commission Office

Approved on: March 6, 2023

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Bob J Stevenson, Audit Committee Chair

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