



CITY OF NORTH SALT LAKE

**AUDIT COMMITTEE
MEETING NOTICE & AGENDA
December 3, 2024
5:00 P.M.**

Notice is given that the City of North Salt Lake's Audit Committee will hold a meeting on **December 3, 2024 at 5:00 p.m.** The meeting will be held in the Council Conference Room on the 2nd Floor of City Hall, 10 East Center Street, North Salt Lake, Utah.

Meetings of the Audit Committee may be conducted via electronic means pursuant to Utah Code Ann. §52-4-207 as amended. In such circumstances, contact will be established and maintained via electronic means and the meetings will be conducted in accordance with the City's Electronic Meetings Policy.

The following items of business will be discussed; the order of business may be changed as time permits.

AGENDA ITEMS

1. Welcome
2. Approval of Audit Committee Minutes of September 17, 2024
3. Update on 2024 Audit Work – Corey Urie, Child Richards CPAs & Advisors
4. Set Parameters for Utility Hardship Assistance Policy
5. Discussion on Future Agenda Items
6. Adjourn

Audit Committee meetings are open to the public. If you need special accommodation to participate in the meeting, please call (801) 335-8709 with at least 24 hours' notice.

Notice of Posting:

I, the duly appointed City Recorder for the City of North Salt Lake, certify that copies of the agenda for the Audit Committee meeting to be held **December 3, 2024** were posted on the Utah Public Notice Website: <https://www.utah.gov/pmn/>, City's Website: <https://www.nslcity.org>, and at City Hall: 10 E. Center St. NSL.

Date Posted: November 27, 2024


Wendy Page, City Recorder



1 CITY OF NORTH SALT LAKE
2 AUDIT COMMITTEE MEETING
3 COUNCIL CONFERENCE ROOM
4 10 EAST CENTER STREET, NORTH SALT LAKE
5 SEPTEMBER 17, 2024

6
7 **DRAFT**
8

9 Heidi Voordeckers called the meeting to order at 5:05 p.m.

10
11 COMMITTEE MEMBERS PRESENT: Brian Horrocks, Mayor; Lisa Watts Baskin, City
12 Council; Suzette Jackson, City Council.

13
14 STAFF PRESENT: Ken Leetham, City Manager; Heidi Voordeckers, Finance Director; Wendy
15 Page, City Recorder.

16
17 1. DISCUSSION ON ROLE OF INTERNAL AUDIT
18

19 Heidi Voordeckers stated this would include a brief overview of audits including internal and
20 external audits. She spoke on the need to review the charter as well as soliciting for an external
21 auditor. She explained an external audit included a focus on materiality and accuracy of financial
22 statements and encompassed correct reporting, categorizing, and other technical aspects. She
23 shared that the external auditor reviewed financial statements related to regulations and rigorous
24 testing to detect inaccuracies, but not necessarily fraud. Ms. Voordeckers compared this to an
25 internal audit with a focus on the prevention of fraud and abuse through internal controls such as
26 separation of duties, training, and financial policies to protect assets. She said aspects of internal
27 audit are verified by an annual fraud risk assessment with Audit Committee oversight.

28
29 2. REVIEW OF AUDIT COMMITTEE CHARTER AND RESPONSIBILITIES
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31 Heidi Voordeckers reviewed the Audit Committee Charter which consisted of three areas of
32 focus including external audit, internal audit, and selection on an external auditor. She
33 commented that the Audit Committee was formed by resolution in 2020. She mentioned that the
34 original Charter was very generic and should be updated. She said the City had utilized the same
35 audit firm since 2009 and mentioned that it was encouraged to rotate between firms.

36
37 The Committee discussed audit costs, experiences with prior firms. Heidi Voordeckers
38 commented that the transparency website should show what other cities had paid. She mentioned
39 all audits increased by 25% in 2020 due to COVID requirements and never decreased.

40
41 Ms. Voordeckers spoke on other external audit functions including review of annual fraud risk
42 assessment with presentation of concerns to the external auditor. She said this self assessment
43 should be reviewed by the Audit Committee. She mentioned that the Audit Committee review

44 the draft Annual Comprehensive Financial Report (ACFR) with the external auditor and then
45 make recommendation of approval to the City Council. She shared that any corrected action plan
46 by the external auditor would then be reviewed by the Audit Committee for a course of action.

47
48 Heidi Voordeckers reviewed internal audits and the need to select an internal auditor. She
49 explained that the Utah Government Finance Officers Association would be compiling a
50 consortium of internal auditors as this role required special certification. She explained that the
51 City had not required an internal investigation to date but spoke on how helpful a review of
52 internal controls by an outside entity would be.

53
54 Ken Leetham questioned if the City would need to hire a third party auditor. Heidi Voordeckers
55 recommended setting a regular meeting schedule for the Audit Committee, hire a new external
56 auditor, update the procurement policy, review each policy, and then have these policies
57 reviewed by an auditor for any gaps. She clarified that the external auditor reviewed all the
58 documentation to ensure that the financial data was accurate, reviewed the minutes, and
59 reviewed contracts for purchases over \$25,000.

60
61 Heidi Voordeckers spoke on the information sent to the external auditors including all the bank
62 reconciliations, a full list of financial transactions, all accounts payable, and check registers for
63 the year. She said the external auditor reviewed whether the financial statements were free of
64 material misstatement which was helpful for the bond rating agencies. She mentioned that the
65 City's bond rating was AA. She analyzed the functions of the Audit Committee including
66 oversight of the internal audit functions, assess areas of risk that may require additional testing,
67 monitor implementation of internal audit recommendations, and address any complaints
68 received. She said the other requirements of the Committee were to hold regular meetings (four
69 times per year) and to review the charter as necessary.

70
71 3. REVIEW OF CURRENT FINANCIAL POLICIES AND ORGANIZATIONAL
72 STRUCTURE

73
74 Heidi Voordeckers reviewed the current financial policies and organizational structure.

75
76 Mayor Horrocks asked about the role of State Auditor, John Dougall. Heidi Voordeckers replied
77 that the State Auditor was only involved in the event of significant concerns such as fraud in
78 county or state financial systems.

79
80 Councilmember Baskin commented that one benefit of the Auditor's Office was to review if an
81 organization had submitted annual filings. Heidi Voordeckers said the State Auditor's Office was
82 ensuring compliance of reporting by withholding sales tax. She also mentioned residents could
83 submit concerns to the State Auditor's office through the fraud hotline.

84

85 Heidi Voordeckers spoke on the technical side of the financial accounting policies which was
86 incorporated into the audit including capitalization of equipment. She shared policies and
87 procedures related to the audit including the depreciation schedule, ethical behavior policy and
88 pledge for employees, guidance for post employment, credit card, personnel, and procurement.
89 Additional polices could include cash and fund balance reserves, investments, cash receiving and
90 deposits, and IT and computer security. She suggested that the Committee could set thresholds
91 for the cash and fund balance reserves.

92
93 Ken Leetham clarified that the City paid for IT and computer security which was different than a
94 written policy statement related to employee behavior. He gave the example of a “no
95 pornography” policy for electronic devices and the need to train employees on these policies.
96

97 Heidi Voordeckers spoke on other internal controls and policies and suggested multi factor
98 authentication, longer passwords, and password resets/expiration for employee email accounts.
99 She mentioned the fraud triangle consisting of pressure, rationalization, and opportunity and how
100 these three components increase exposure. She noted the measures for preventing opportunities
101 for fraud including multiple points of authorization and review of financial transactions,
102 elimination of cash, credit card use policies, and merchandise inventory at the golf course. She
103 also reviewed internal processes including utility account refunds, updates to employee records
104 (performance review, promotion, new hire), and thresholds for purchase orders. She provided an
105 overview of processes and gave an example of how accounts were paid via check including the
106 review by multiple individuals to help eliminate mistakes or fraud.

107

108 4. UPDATE ON ANNUAL EXTERNAL AUDIT

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110 Heidi Voordeckers shared an update on the annual external audit.

111

112 5. DISCUSSION ON AGENDA AND SCHEDULE FOR NEXT MEETING

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114 Heidi Voordeckers proposed a future meeting schedule to accomplish the external auditor
115 selection including a November meeting with the current auditors, and a January meeting to
116 review the ACFR followed by approval by the City Council. She said the auditor selection
117 process would occur in May/June for fiscal year 2025. She then suggested an entrance meeting
118 with the new audit firm. She spoke on preparing a draft policy for procurement model and a draft
119 RFP for external audit services in March 2025.

120

121 Mayor Horrocks commented that he was in favor of Heidi Voordeckers providing corrections and
122 updates to the Charter for approval. Councilmember Baskin commented that she could also
123 review the Charter. Heidi Voordeckers said she would provide examples for the Committee to
124 review to update the Charter.

125

126

127 6. ADJOURN

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129 The meeting was adjourned at 6:03 p.m.

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131 *The foregoing was approved by the Audit Committee of the City of North Salt Lake on November*
132 *19, 2024 by unanimous vote of all members present.*

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136 _____
Wendy Page, City Recorder



CITY OF NORTH SALT LAKE FINANCE DEPARTMENT

10 East Center Street
North Salt Lake, Utah 84054
(801) 335-8700
(801) 335-8719 Fax

Brian J. Horrocks
Mayor

Heidi Voordeckers
Finance Director

MEMORANDUM

TO: Audit Committee Members Horrocks, Baskin, and Jackson

FROM: Heidi Voordeckers, Finance Director

DATE: 12/3/2024

SUBJECT: Hardship Assistance program discussion

BACKGROUND

The City Council expressed interest in implementing a hardship assistance program for City's utility customers. In response, staff is seeking input from the Audit Committee in anticipation of developing a policy that best meets the needs of the community. Please consider the following factors:

- 1) Eligibility Criteria
 - a. Which customers are eligible (property owners, tenants, landlords, all?)
 - b. Income level (% of poverty level, % of AMI)
 - c. Age restrictions (all ages, 60 and older)
 - d. Other factors (disability, veteran status, household size?)
- 2) Program Format
 - a. Amount of discount (full, 25-50%, pro-rated based on income?)
 - b. Duration of assistance (3-6 months)
 - c. One time benefit or ongoing (ex., ability to apply every 12 months)
- 3) Program Funding
 - a. Contributions from other customers? General fund?
 - b. Set annual amount (ex. \$10,000/year until spent)
 - c. Open-ended
- 4) Implementation
 - a. Finding a community partner willing to administer/partner (Housing Authority, Bountiful Food Pantry, Center of Hope, Davis County?)
 - b. Applicant process – required documentation and protecting sensitive information
 - c. Denials – appeal process and authority
- 5) Other concerns