

CITY OF NORTH SALT LAKE
AUDIT COMMITTEE MEETING
COUNCIL CONFERENCE ROOM
10 EAST CENTER STREET, NORTH SALT LAKE
JUNE 17, 2025

FINAL

COMMITTEE MEMBERS PRESENT: Brian Horrocks, Mayor; Suzette Jackson, City Council.

EXCUSED: Lisa Watts Baskin, City Council.

STAFF PRESENT: Ken Leetham, City Manager; Heidi Voordeckers, Finance Director.

OTHERS PRESENT: Steven Rowley, K&C CPAs.

1. WELCOME

Committee Member Horrocks welcomed those present and called the meeting to order at 5:04 p.m.

2. APPROVAL OF AUDIT COMMITTEE MINUTES

The Audit Committee minutes of March 18, 2025 were reviewed and approved.

Committee Member Jackson moved to approve the Audit Committee minutes of March 18, 2025, as written. Committee Member Horrocks seconded the motion. The motion was approved by Committee Members Horrocks and Jackson. Committee Member Baskin was excused.

3. FY 2024-2025 AUDIT-ENTRANCE INTERVIEW WITH K&C CPAS

Heidi Voordeckers introduced Steven Rowley with K&C CPAs and reminded the committee of the commencement of the audit process in a few weeks.

Steven Rowley, K&C CPAs, spoke on a risk based audit approach based on the standards and an overall look at the entity, processes and procedures, internal controls, and areas where potentially errors could occur. He said that after review a customization of additional procedures could be implemented to bolster any weak areas. He noted two areas of potential risk including revenue recognition and management override of controls. He spoke on revenue recognition and

additional procedures to reduce risk related to revenues and receivables. Mr. Rowley recommended additional testing for payroll, payables, and procurement related to internal controls to reduce management override of controls. He mentioned working with the Audit Committee on any concerns related to fraud, waste, abuse or potential errors.

Steven Rowley described other areas of review including inventory counts, audit procedures, meeting minutes, bonds, loans, and leases. He mentioned a new standard GASB 101 related to compensated absences standards.

Heidi Voordeckers questioned if any other Davis County entities were early implementers of GASB 101. Steven Rowley replied that South Davis Sewer District and Bountiful City most likely implemented that standard last year.

Heidi Voordeckers clarified that the change was related to sick leave banks and determining how much may be utilized in an upcoming year. She said there were several ways to measure this and the challenge was determining what would be the best way long term. Steven Rowley commented that the standard was very wide and the suggestion was whatever made sense and was repeatable year after year.

Steven Rowley reviewed the timeline for the onsite audit which would be based on when information was received for property tax revenues, sales tax revenues, and contractor invoices.

Ken Leetham asked if the first time audit would be more complicated. Steven Rowley replied that every entity was unique so there would be a learning curve for the first audit. He shared that they had many years of experience as they audited over 50 government entities annually.

Heidi Voordeckers requested access for all the employees in the finance department to upload information. She spoke on allowing ownership for the employees over accounts payable, treasurer, payroll, and utility billing to respond to audit related requests.

4. REVIEW OF FINAL DRAFT OF PROPOSED UTILITY HARDSHIP POLICY

Heidi Voordeckers reported on the proposed utility hardship policy. She noted that staff had made changes per the March 2025 Audit Committee meeting including the language of “legal separation” to “separation” with substantiated evidence, added the extension for three months with proof of continued need, and an appeals process for applicants that were denied. She spoke on finalizing the draft today and reviewing the policy during the July 15th City Council meeting to take effect July 1, 2025. She noted the utility rates would be billed on August 15th as it was billed retroactively and the policy would be in place with the water rate increase.

Ken Leetham clarified that the proposed policy would be a 50% reduction of the bill for 90 days with the potential for a second 90 day period. Heidi Voordeckers said there was an opportunity to apply for the hardship again every 36 months.

Committee Member Jackson commented that the discussion included allowing for an extension and reapplication after 36 months. She mentioned that as an incident could last longer than 90 days that the extension was a good compromise.

Heidi Voordeckers noted that the only other relief currently available was a discount on the water utility bill for active military.

Committee Member Horrocks moved to forward this to the City Council for approval. Committee Member Jackson seconded the motion. The motion was approved by Committee Members Horrocks and Jackson. Committee Member Baskin was excused.

5. REVIEW ANNUAL FRAUD RISK ASSESSMENT

Heidi Voordeckers reported that the charter for the Audit Committee required the review of the annual fraud risk assessment. She said the City remained in the lowest risk category and noted the ways to improve the score including:

- An I.T. and computer security policy
- A cash receipting policy
- Establishing a formal internal audit function

Ms. Voordeckers spoke on the inherent difficulties with establishing a formal internal audit function within a smaller city. She said as the Finance Director she could not perform an internal audit and would need to hire an outside entity. She mentioned the potential for a reciprocal agreement with other cities to perform this audit. She suggested implementing the cash receipting policy which would be done by the City's Treasurer.

Committee Members Horrocks and Jackson questioned the efficacy of the City's I.T. company. Ken Leetham replied that staff could setup a meeting with the I.T. company.

Heidi Voordeckers commented that the Local Government Trust also tracked data (IP addresses, connections, servers) and reported instances of security concerns to the City. Ken Leetham mentioned the City also had related insurance through the Trust.

Heidi Voordeckers mentioned that Jon Rueckert was working with the FBI on data security related to the City's water systems.

Ken Leetham spoke on an issue at Clearfield City related to a cybersecurity breach and that North Salt Lake had insurance related to this. He commented on sensitive data, theft, and that the City paid for protection.

6. SET TIME AND AGENDA ITEMS FOR NEXT AUDIT COMMITTEE MEETING

Heidi Voordeckers noted that the audit would be completed in November. She said the Audit Committee was currently required to meet quarterly per the charter.

Committee Member Jackson asked if there were mid audit reports that would need to be reviewed. Steven Rowley replied that once the audit was completed there would be an exit review in November.

Ken Leetham said any updates on the end of the fiscal year would be presented to the City Council.

Heidi Voordeckers suggested that the Committee could review an I.T. and computer security policy, a cash receipting policy, and other policies that may need to be updated.

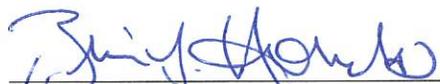
Ken Leetham mentioned also reviewing the Golf Course related to retail operations. Heidi Voordeckers spoke on all the point of sales systems at the Golf Course including the event center, Café, Pro Shop, and golf.

The Committee determined the next Audit Committee meeting would be held September 2, 2025.

7. ADJOURN

The meeting was adjourned at 5:40 p.m.

The foregoing was approved by the Audit Committee of the City of North Salt Lake on September 16, 2025 by unanimous vote of all members present.


Brian J. Horrocks, Chair


Wendy Page, City Recorder

