

Minutes of Meeting
U.S. Bank Contract Discussion
January 7, 2013
10:00 a.m.

The Kootenai County Board of Commissioners: Chairman Todd Tondee, Commissioner Dan Green and Commissioner Jai Nelson met to discuss the following agenda items. Also present were Treasurer Tom Malzahn, County Clerk Cliff Hayes, Finance Director Dave McDowell, Chief Deputy Treasurer Laurie Thomas, Chief Deputy Clerk Pat Raffee, Prosecutor Barry McHugh, and Deputy Clerk Nancy Jones.

A. Call to Order: Chairman Tondee called the meeting to order at 10:04 a.m.

B. Introductions: There were no introductions made.

C. Changes to the Agenda: There were no changes made to the agenda.

D. Old Business: There was no old business discussed.

E. New Business:

In response to a request from Treasurer Tom Malzahn to add a Business Meeting agenda item for the renewal of the contract between US Bank and Kootenai County (Treasurer), the Board scheduled this meeting to discuss any modifications that should be made to the contract at this time. Chairman Tondee explained that the Board had previously attempted to make adjustments, only to discover that no changes could be effected during the contract term, and that the Treasurer is the only individual authorized to make modifications. Prior to approving a new relationship agreement with the Bank, the Board indicated they would favor modifications to ensure that the Board and the Clerk have online account viewing access, and to add the Board members as authorized signatories within the contract. Commissioner Green stated that, because of the audit recommendations that have been suggested, he felt that the addition of online viewing access would be beneficial until the Logos reconciliation feature is fully functional, or until such time as the Treasurer initiates use of the Logos accounting system. Chief Deputy Treasurer Laurie Thomas stated that a review of the reconciliation process is necessary to ensure that security is in place to protect the financial data, and that the first parts of that process are in place. Mr. McDowell explained that online viewing access would allow for transactions to be recorded in less time than the current 45 to 60 day time frame, to promote an appropriate and timely audit trail in regard to the Treasurer accounts.

Clerk Cliff Hayes asked for clarification as to any reasons why the Clerk's Division should not have online viewing access of the Treasurer accounts. Mr. Malzahn explained that the information is used by the Treasurer's office to verify and reconcile accounts prior to turning information over to the Auditor, as required by statute, and that he is concerned that entry of that information into the County system prior to reconciliation would increase the margin of error in the Logos system. Mr. McDowell countered that all transactions are already entered into the Logos system prior to reconciliation, with the exception of the Treasurer's activity. In response to a question from Commissioner Nelson, Mr. McDowell relayed that, historically, the margin of error has been negligible when transactions are recorded prior to reconciliation. Mr. McDowell also stated that the final reconciliation process would not change as a result of this change in procedure.

The Board determined that there was no reason to deny the Clerk view-only account access because viewing permissions would only allow access to information that is already part of the public record. Chairman Tondee stated that liability for any errors input into the County system would fall to the individual that entered the erroneous information, and he clarified that the online information would not be substituted for the reconciliations required by statute. Mr. Malzahn stated that he feels the current processes best fit the statute requirements for data entry and reconciliation of accounts, and that they are in line with processes used by other counties, including Ada, Canyon, and Nez Perce.

Commissioner Green noted that the copy of the Bank contract available for review does not reflect the Treasurer as the only party authorized to amend the contract. Prosecutor Barry McHugh recommended that research be completed by both parties to establish the guidelines for account signatories and what permissions are allowed within the contract. Chairman Tondee indicated that a meeting would be scheduled with Legal to determine whether the Board can be included as an authorized party. The Board agreed that Chairman Tondee would contact Gail at US Bank to request any additional contract documentation, and to determine the best way to proceed with a new contract.

- F. Staff Reports:** There were no staff reports.
- G. Public Comment:** This section is reserved for citizens wishing to address the Board regarding a County related issue. There was no public comment.

The meeting was adjourned at 10:44 a.m.

Respectfully submitted,

CLIFFORD T. HAYES, CLERK

BY: _____
Nancy A. Jones, Deputy Clerk