

**Minutes of Meeting**  
**Previous External Audit Discussion**  
**April 6, 2015**  
**3:00 p.m.**

The Kootenai County Board of Commissioners: Chairman David Stewart, Commissioner Dan Green and Commissioner Marc Eberlein met to discuss the following agenda items. Also present were Treasurer Steve Matheson, Interim Finance Director Keith Taylor, Clerk Jim Brannon, Chief Deputy Clerk Pat Raffee, Staff Accountants Nancy Curotto and Melissa Merrifield, and Deputy Clerk Meshell Missler. Also present were Clifton Larson Allen Principal Brian Shull and Engagement Director Nicole Bailey.

- A. Call to Order:** Chairman David Stewart called the meeting to order at 3:00 p.m.
- B. Introductions:** The attendees from Clifton Larson Allen introduced themselves.
- C. Changes to the Agenda:** There were no changes to the agenda.
- D. Old Business:** There was no old business discussed.
- E. New Business:**

Clifton Larson Allen Principal Brian Shull said he was the principal auditor on the County's audit for the fiscal year ending September 30, 2014. Mr. Shull said there were two separate parts of the audit:

  - The Financial Statement audit
  - The single audit which tested the County's federal expenditures and reported on compliance of grant documents within federal regulations

Mr. Shull said the Financial Statement Audit produced a clean opinion, meaning the County is in compliance in all material respects with Generally Accepted Accounting Principles (GAAP) in the United States.

Mr. Shull said the Single Audit had two findings, both of which were related to the same transit contract. The first finding was that there was no current contract in place with the Coeur d'Alene Tribe, and certain steps were not in place for excluded parties. (There is a required Excluded Parties Listing (EPLS) Check for all sub-recipients and vendors that the County passes funds through.) The second finding was that sub-recipient monitoring of those EPLS funds was not being done .

Commissioner Green said this was the reason the County created the Grants Management Office, so there is one person overseeing all the grants of the County and making sure the County is in compliance with all the components of each grant.

Mr. Shull said when an entity receives federal funds and passes them through to another organization such as in this case the Coeur d'Alene Tribe, certain steps are required to be performed in order to have assurances that those funds are being properly expended. In this audit the procedures were not being performed, but otherwise the Single Audit also had a clean opinion.

Mr. Shull gave the Board two letters dated March 12, 2015. He described the first letter as the Letter to Governance, and he reviewed the content of each section of the letter.

Commissioner Eberlein asked if this audit covered state as well as the Federal requirements. Interim Finance Director Keith Taylor said yes, the audit covered both requirements.

Mr. Shull said there are some estimates in the Financial Statements, which are:

- The accrual of a liability for the landfill closure and post-closure costs
- The management estimates of claims incurred but not reported on the self-funded insurance program
- The estimate for the allowance for doubtful accounts of the water and sewer revenues in accounts receivable.

Clifton Larson Allen Engagement Director Nicole Bailey explained the second letter to the Board which has potential improvements as follows:

- Suggestions on internal controls for cash collection from the Iron Rangers
- Investigating outstanding checks that are over a year old in the Inmate Trust Account cash reconciliation procedure
- Paying employee merit awards through the payroll system
- Two cash accounts not in the County's centralized accounting system (Sheriff Writs, Garnishments, Real Property Account and Treasurer's Cash Account) which either should be or have additional oversight procedures and possible internal audits throughout the year

County Treasurer Steve Matheson inquired about the proper protocol in communication between an elected official and the external accountants. Clerk Jim Brannon said he would be happy to answer any questions, and Mr. Shull also said he would be willing to provide advice and help process without additional billable hours being charged.

- F. Public Comment:** This section is reserved for citizens wishing to address the Board regarding a County related issue. Idaho Law prohibits Board action on items brought under this section except in an emergency circumstance. Comments related to future public hearings should be held for that public hearing. There were no public comments.

Chairman Stewart adjourned the meeting at 3:42 p.m.

Respectfully submitted,

JIM BRANNON, CLERK

DAVID STEWART, CHAIRMAN

BY: \_\_\_\_\_  
Meshell Missler, Deputy Clerk

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