

**Minutes of Meeting**  
**Auditor**  
**April 11, 2016**  
**9:00 a.m.**

The Kootenai County Board of Commissioners: Chairman Dan Green, Commissioner Marc Eberlein, and Commissioner David Stewart met to discuss the following agenda item. Also present were Clerk Jim Brannon, Chief Deputy Clerk Pat Raffee, Senior Staff Accountants Keith Taylor and Kimberly Price, Staff Accountant Melissa Merrifield, Sheriff Ben Wolfinger, Treasurer Steve Matheson, Chief Deputy Treasurer Laurie Thomas, Chief Deputy Assessor Richard Houser, and Deputy Clerk Alicia Lynch. Also present was CliftonLarsonAllen representative Brian Shull.

- A. Call to Order:** Chairman Dan Green called the meeting to order 9:00 a.m.
- B. Changes to the Agenda:** There were no changes to the agenda.
- C. Old Business:** There was no old business discussed.
- D. New Business:**

**Fiscal Year (FY) 2015 Audit Exit Meeting - Presentation by CliftonLarsonAllen representative**

CliftonLarsonAllen representative Brian Shull provided an overview of the FY2015 annual audit stating that the County was operating within the Generally Accepted Accounting Principles (GAAP). He said that no material weaknesses or significant deficiencies were found. He added that the only federal finding was that the Transit program did not have a contract with the Coeur d'Alene Tribe; he said a contract was now in place so this issue would not be a problem in the future.

Mr. Shull explained that all agencies were required to show their portion of the unfunded Public Employee Retirement System of Idaho (PERSI) on a Balance Sheet. He said that the County currently held \$17,844,069 for this line item, and he discussed the potential impact to the County of a 1% increase or decrease. Treasurer Steve Matheson inquired if the unfunded PERSI line item could affect the County's ability to get loans. He noted that PERSI percentages were mandated by the PERSI Board and not controlled by the Board of County Commissioners.

Chairman Green asked if the North Idaho Fair & Rodeo impacted the County's audit since the Fair was audited separately. Mr. Shull explained that the Fair was an independent component unit of the County that was audited by Magnuson, McHugh & Co. He said that CliftonLarsonAllen reviewed the Fair's audit and finding no irregularities incorporated the findings into the County's audit. He added that the Kootenai County Emergency Medical Service Systems (KCEMSS) was handled the same as the Fair.

Chairman Green commented that instead of auditing the Fair separately it may be prudent to add the Fair to the County's audit in the new resolution being drafted to update the Fair Board's responsibilities and procedures.

Commissioner Marc Eberlein requested clarification on the audit's notes regarding monitoring the landfill. Mr. Shull replied that the note was not an indicator of any red flags regarding the landfill closure and post-closure accounts.

Chairman Green questioned the \$93,000 uncorrected misstatement in the audit report. Clerk Jim Brannon replied that the \$93,000 was a late payment made by 9-1-1 after FY2015 ended, and just before the audit was completed. Mr. Shull added that it was not a material impact to the County's financials but was a large enough payment that it needed to be noted.

Mr. Shull reviewed two focus areas in internal controls: two cash accounts that were outside of the central accounting system (Logos), and the internal audit team reporting line. He explained that the Sheriff Writs, Garnishments, and Real Property Account and the Treasurer's Cash Account were handled under different procedures than the rest of the County's financial practices, and were summarized in Logos rather than having each transaction recorded individually. Mr. Shull recommended regular spot checks as an additional control.

Commissioner Eberlein asked Sheriff Ben Wolfinger what it would take for the Writs & Garnishments account to be processed the same as other County accounts in Logos. Sheriff Wolfinger replied that additional staff would be required because court-ordered garnishments were time sensitive.

Chief Deputy Clerk Pat Raffee said that per the Sheriff's request the internal audit team would be doing a review of the Writs & Garnishments account later this year. Sheriff Wolfinger added that in the past his office and the internal audit team have worked well together.

Regarding the internal audit team's report, Mr. Shull advised the Board that it was awkward for an internal audit team to report to the Clerk as there would inevitably be times that they would need to audit the Clerk's process. He recommended the internal audit team report directly to the Board, saying he thought that would also give them more authority. Ms. Raffee informed the Board that other than Kootenai, only Ada County had an internal audit function in Idaho. She said that Ada County's internal audit team reported to an Audit Committee of five Elected Officials, including the Clerk, a Commissioner, and a Prosecutor. She said Ada County's Clerk had the internal auditor in his department for payroll purposes.

Chairman Green pointed out that the Board couldn't dictate to other Elected Officials either, and said he was not sure moving the internal audit team under the Board would change anything.

Commissioner David Stewart said he was in favor of an Audit Committee.

Clerk Brannon inquired if the Board would like to have a meeting to discuss the future of internal audits. He said that, in his opinion, the current internal audit structure lacked authority to enforce deadlines or compliance. Commissioner Eberlein requested that a meeting be scheduled to discuss an internal audit committee before the budget discussions began.

**E. 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 Green adjourned the meeting at 9:49 a.m.

Respectfully submitted,

JIM BRANNON, CLERK

DANIEL H. GREEN, CHAIRMAN

BY: \_\_\_\_\_  
Alicia Lynch, Deputy Clerk

\_\_\_\_\_