

LEGISLATIVE AUDIT COMMITTEE
SALT LAKE COUNTY
GOVERNMENT CENTER, ROOM N2-800
August 15, 2017
3:18:27 PM

Committee Members

Present: Jennifer Wilson
Jim Bradley
Arlyn Bradshaw
Michael Jensen
Steven DeBry
Aimee Newton, Vice-Chair

Excused: Richard Snelgrove
Sam Granato
Max Burdick

Report from Legal Counsel (3:18:27 PM)

Mr. Jason Rose, Legal Counsel, Council Office, stated in 2011 the County Council passed an ordinance regarding the Legislative Branch Organization. The ordinance established the Legislative Audit and Internal Controls Division, as well as the Legislative Audit Committee. The effect of this was to concentrate the Council's oversight responsibilities regarding audit functions, internal control, and investigations. The division established by the ordinance anticipated the Council would hire a Legislative Audit Director and an employee to work with the director to perform audits.

The pros of such an arrangement are that it establishes a reporting mechanism, concentrates the Council's oversight responsibilities, and allows audit staff to be loyal to the Council. On the negative side, the Council is not acting consistent with the ordinance because it has not hired people to staff an audit division. In addition, such staff salaries would increase the budget.

Currently, the ordinance says the Council "shall" create such a division. His recommendation is that the word "shall" be changed to "may" so that it is discretionary instead of mandatory. That would allow the Council to exercise its oversight functions as a County Council and work with the Auditor and other elected officials if it chooses to.

Council Member DeBry, seconded by Council Member Jensen, moved to amend the Legislative Audit ordinance by removing the word "shall" and replacing it with the word "may" throughout the ordinance.

Council Member Wilson asked how the ordinance came about.

Mr. Rose stated the ordinance was enacted in 2011. Prior to that, there had been conflicts with the Auditor's Office. The Council felt if it asked the County Auditor to do a

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performance audit on the Council's behalf, it would either not get done or would be done under the Auditor's agenda, not the Council's agenda. It would be better to move that function directly under the Council.

Council Member DeBry stated the Council could still have that function should it choose to. The Council should have the discretion to do this.

Council Member Jensen stated when the ordinance was written in 2011, the Council wanted no gray areas when it came to who would do performance audits.

Council Member Bradshaw stated the flexibility is good to have even if the Council continues to work with the Auditor. If the Council FTEs are not funded, there would be no violation of the ordinance.

Mr. Rose stated he understood the Council was giving him direction to work with the District Attorney's Office, revise the ordinance, get it approved as to form, and bring it back to the Council for review.

Council Member DeBry, seconded by Council Member Jensen, moved to amend the Legislative Audit ordinance by removing the word "shall" and replacing it with the word "may" throughout the ordinance. The motion passed unanimously.

Council Member Bradley asked if a performance audit was the same as a legislative audit.

Mr. Rose stated yes. They are meant to measure the effectiveness and efficiency of a policy, program, or ordinance.

Council Member Bradley asked if the County Auditor had a statutory responsibility to do performance audits.

Mr. Rose stated for performance audits, the Auditor works under the direction of the County legislative body and the Mayor.

Council Member Bradley stated there would be no violation of law if the Council chose to bring the audits in-house.

Mr. Rose stated that would be in compliance with the statute.

Council Member DeBry asked if the Council had to meet any criteria in order to initiate a legislative audit.

Mr. Rose stated there is a scope of what a legislative audit involves, but no criterion has to be met in order to start an audit.

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Mr. Ralph Chamness, Deputy District Attorney, stated the Council also has statutory authority to conduct an investigation.

Mr. Rose stated that applies to any matter related to the County.

Council Member Jensen stated it is also important that an audit is initiated by a majority vote of the Council. One member cannot order an audit.

Council Member Bradley asked about the possibility of requiring approval from one person from each political party before an audit can be initiated.

Council Member DeBry stated that would avoid the possibility of a witch hunt.

Council Member Bradley stated he did not think this Council would be involved in a witch hunt, but it may be worthwhile to safeguard the future. This is just an idea to consider in the future.



Discussion of Staffing and Structure of the Legislative Audit Committee (3:33:02 PM)

Council Member Wilson asked the County Auditor about his staff structure and how performance audits rolled out.

Mr. Scott Tingley, County Auditor, stated his office consists of 24 FTEs split almost evenly between the audit and property tax divisions. Six staff members are auditors.

Council Member Wilson asked how many of the senior leadership had policy backgrounds versus financial backgrounds.

Mr. Tingley stated at least two have good policy backgrounds.

Council Member Wilson stated she felt the Council would be better off doing legislative audits because it is the policy maker. This would require extra funding, and it is time the Council made the investment.

Mr. Tingley stated he agreed with that approach.

Council Member Newton asked if this was something the Council wanted to include in a budget request, which has to be submitted next month.

Council Member DeBry asked if the committee determined last week to do away with the Legislative Audit Committee.

Mr. Jason Rose, Legal Counsel, Council Office, stated that decision was tabled last week.

Council Member Newton stated the Council needed to decide if it wanted a separate Legislative Audit Committee or to handle the audits as part of the Council agenda. She also asked if a subcommittee or executive committee was ever established.

Mr. Rose stated there was a subcommittee established for investigations that falls under this ordinance.

Council Member Wilson stated her recollection was that the Council felt it would be better served by an audit staff within the Council Office.

Council Member Jensen stated he thought the reason the Council wanted a separate audit committee was to be more inclusive with the Auditor's staff.

Council Member Bradshaw asked if the two unfilled audit FTEs were still in the Council's budget.

Mr. David Delquadro, Chief Financial Manager, Council Office, stated the Council still has two FTEs that have not been funded.

Council Member Jensen stated he believed the Council should handle performance audits. It is a disservice to the Auditor to have his staff approach other independent elected officials for an audit that the Council requested. The Council staff should be working directly with the independent elected officials. He also felt that employees hired by the Council would be loyal to the Council and its preferences.

Council Member Bradley stated he agreed this was a Council function. The Council wants to enhance the County's performance any time it can. These audits are meant to be helpful, not punitive. The Council can also discuss the scope and direction of the audit.

Council Member Jensen stated the Council should force itself to look at the structure of an in-house audit team instead of kicking the matter down the road.

Council Member Bradley stated the Council would require full-time staff for this endeavor, but it should be careful about over-hiring.

Council Member Bradshaw, seconded by Council Member Jensen, moved to agenda this matter for next week's Council meeting.

Council Member Bradshaw stated next week's discussion would include a review of the updated ordinance, including a definition of how direction is provided, such as by majority vote. That needs to be clearly spelled out in the ordinance. He asked that Council Members bring their recommendations as to whether audits should be handled by a Legislative Audit Committee or within the existing meeting structure. He also asked Mr. Delquadro to bring back updated salary figures for the two Council audit FTEs.

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Mr. Tingley stated per audit standards, he has created a list of follow up audits for the audits he has previously done for the Council. He asked if his office should move forward with those audits.

Council Member Wilson stated she would prefer to see the list first.

Mr. Tingley stated he would bring it to the next meeting.

Council Member Bradshaw, seconded by **Council Member Jensen**, moved to agenda this matter for next week's Council meeting. The motion passed unanimously.

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Discussion of Potential Submitted Audit Topics

This item was not discussed.

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Approval of Minutes (3:56:28 PM)

Council Member Bradshaw, seconded by **Council Member DeBry**, moved to approve the Legislative Audit Committee minutes for April 5, 2016, September 27, 2016, October 1, 2016, and July 18, 2017. The motion passed unanimously.

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The meeting was adjourned at 3:56:44 PM.

Chair

Deputy Clerk

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