

Madam Chair Peggy Clayton
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Harris Township

SINCE 1909



NEIGHBORS, SHORES & MORE

Mission Statement:
The Harris Town Board strives to enhance the quality of life, protect the environment, and maintain economic stability for the residents of their community.

www.harristownshipmn.org

Supervisor VC Mike Schack 340-8852
Supervisor Ryan Davies 929-0610
Supervisor Dan Gilbert 259-4967
Supervisor Jim Kelley 327-0317
Treasurer Nancy Kopacek 398-3497
Clerk 244-1811

harristownshipclerk@gmail.com

June 22, 2022

5:30 pm

2021 Audit Review Work Session
Town Hall

Present: Madam Chair Peggy Clayton, Supervisor Schack, Davies, Gilbert & Kelley; Treasurer Kopacek
Also Present (via zoom) Kristen Houle, CLA

Pledge to the Flag was conducted.

The purpose of the work session was to review and discuss the 2021 Audit.

The board was in receipt of the following documents from Clifton, Larson, Allen, our audit firm:

Town of Harris Financial Statements and Supplementary Information for the year ended December 31, 2021.
Signed Governance Communication Letter
Signed Internal Control Communications and Mgmt. letter
Exit Presentation Report

Kristen Houle (CLE) was on Zoom, and she reviewed the above documents, required communications, and financial results. The main focus was on the "Exit Presentation Report", December 31, 2021 Auditor Communications. Kristen reviewed audit results as follows: 1) there was an adverse opinion on the financial statements due to the town not recording infrastructure assets and governmental activities in certain capital assets prior to 2009. Kristin did say that it's not something that the board is mandated to do, but if it is something the board wants to do they would need to go back prior to 2009 and there would be a lot of researching, pulling up financials, files etc. Not having the town recording infrastructure assets in governmental activities and certain capital assets will not impact or be a negative for any audits coming forward.

2) material weaknesses – limited segregation of duties; material audit adjustment; internal control over the financial reporting process. The limited segregation of duties refers to the work between the clerk and the treasurer. *There needs to be another step in the process with regard to bank statements being reviewed by the Clerk. Further discussion was held on attaching the (verified) bank statement by both the Treasurer and the Clerk, to the treasurer report at the regular board meeting of every month. Short discussion followed. Kristen stated that audit adjustment (verified bank statement and attached to the Treasurer's Report) will be acceptable. The Chair and the Treasurer will work on this process being completed. *The internal control over the financial reporting process would pertain to the cash being received by the Caretaker (from all renters). Cash and checks are currently being turned into the Clerk and Treasurer, with the completion of the monthly hall report, and the renter register, at the end of every month. Another layer of checks and balances needs to be added for all incoming cash. Chair Clayton stated that the Caretaker does have lease agreements signed by each renter, and on the bottom of each lease agreement the Caretaker "checks off" if the renter provided a check, and the check number and dollar amount is recorded, and "checks off" if cash was received and how much was received. After discussion it was decided that when all monies (per month) are turned in,

the lease agreements would also be turned in, as another layer of checks and balances. Kristin stated this added layer would be acceptable. Kristin did say to continue to separate duties, as deemed cost beneficial.

3) Minnesota legal compliance – lack of second quote for seal coating contract. It was noted by Kristin that one of the contracts which the Township signed and approved in 2021, only received one quote for seal coating. As per Minnesota legal compliance, two quotes need to be received if the dollar amount is between \$25,000 and \$75,000. Short discussion followed. The process of receiving two quotes will be followed for all future contracts and township work.

As per Kristen, the Treasurer is utilizing CTAS, in all areas, and it is a good accounting program.

Kristen briefly reviewed all Government funds expenditures and all government fund revenues, fire fund, capital improvement fund, road and bridge fund, the general fund, and the general revenue fund.

The 2021 audit financials, need to be published within 30 days of the Township receiving and reviewing the audit results, as per M.S.

The 2021 audit financials will also be uploaded to the Harris Township website.

The board thanked Kristin and CLA for their audit work and were extremely pleased with the Audit process from beginning to end; most importantly having a name and face with an audit firm, (in person), to present audit results.

No further discussions were held.

A motion was made by Supervisor Schack and seconded by Supervisor Davies to adjourn the work session at 6:30 pm.

Submitted by



Peggy Clayton, Interim Clerk

Signed by



Peggy Clayton, Chair