

CACHE COUNTY

Contracts & Agreements Executed in
Fiscal Year 2022 Audit

2023



OFFICE OF THE COUNTY CLERK/AUDITOR

Audit Leadership:

County Clerk/Auditor: Jess W. Bradfield

Deputy Internal Auditor: Katherine Becker, CFE

Project Name– Contracts & Agreements	Workpaper Index # 10
Workpaper Name – FINAL	Executed in Fiscal Year 2022

PURPOSE

To review the contracts and agreements that Cache County Corporation entered into during Fiscal Year 2022 for compliance with the appropriate chapters of Cache County Code and verify delivery of services or products along with the accuracy of billing or invoicing.

PROCEDURES PERFORMED

The Internal Auditor pulled the binders of fully executed fiscal year 2022 contracts and agreements in the Cache County Clerk/Auditor’s Office, ran a query in C-Doc for the same date range, and worked with Ms. Allen in the County Executive Office.

After compiling the base list, the Internal Auditor reached out to the Department heads as designated on the cover pages of said contracts or agreements to verify the status of each contract number. As a result, the following findings are enumerated below.

FINDINGS

The County does not have a tracking system for contracts or agreements as they move through the process from request to execution as defined in Cache County Code Title 3 Chapter 16 other than a “pink sheet” that serves as a cover page on the hard copy. Additionally, nothing tracks when contracts are terminated, expire, or need to be considered for renewal, nor oversees resulting expense or revenue.

Section A: Statutory Compliance

There were seventy-two (72) contracts and agreements in the custody of the county clerk at the time this Audit started; Eight (8) more were found as the contract numbers are sequential and some numbers were missing in C-DOC. The internal auditor compiled a spreadsheet (attached) designating the contract number, contracting parties, county department, description, date of execution, abbreviated agreement or contract type, the term (if applicable), cost or revenue notes, and finally, the auditor’s notes after speaking with the respective department head.



Finding A1 – Contracting Party

Pursuant to Cache County Code 3.16.010 CONTRACTING PARTY:

“All contracts involving the county or any department or agency of the county shall designate “Cache County” as the contracting party. No county contract shall be in the name of any county department, agency or officer. (Ord. 2015-05, 3-24-2015, eff. 4-3-2015)”

Of the 80, all but 16 were correctly executed with “Cache County” as the contracting party.

22-01 Cache County Fire District	22-36 Cache County Public Works Building
22-08 Cache County Fire District	22-44 Cache County Clerk
22-11 Cache County Clerk	22-51 Cache County Fair & Rodeo
22-16 Cache County Senior Center	22-52 Cache County Fire District
22-17 Cache County Fair	22-53 Bear River Mental Health District
22-20 Cache County Assessor	22-54 Bear River Substance Abuse Authority
22-21 Cache County Sheriff	22-69 Cache County Fire District
22-30 Cache County Senior Center	22-75 Cache County Attorney’s Office

Auditor Recommendation: The sixteen contracts above do not comply with the County’s code requirement that contracts designate “Cache County” as the contracting party. As 20% of contracts are out of compliance, the internal auditor recommends that a check box be added to the contract flow to verify compliance. However, the intent of the code is clear, and adherence to it will reduce unintended risk and liability, as well as questions of the litigating party, should that be necessary.

Finding A2 – Signatures

Pursuant to Cache County Code 3.16.020 SIGNATURES:

All county contracts shall be executed by the county executive or designee before becoming effective. (Ord. 2015-05, 3-24-2015, eff. 4-3-2015)

AND Pursuant to Cache County Code 3.16.050 APPROVAL:

*No contract shall be entered or signed unless and until:
C. All agreements must be signed by the county executive or designee to become effective.*

After a review of all eighty (80) contracts for compliance with the statutes above, the following errors or omissions were discovered.



The Contractor/Vendor did not execute contracts 22-17 and 22-75.

Contract with Bear River Health Department and (Contractor), Log # 40-002 Yr3

IN WITNESS WHEREOF, the parties enter into this agreement.

CONTRACTOR **DEPARTMENT**

By: _____ Date _____ [22-75] By: Jordan Mathis 11 Jul 2022
Jordan Mathis Health Officer Date

SPONSOR: CACHE COUNTY **BROWN'S AMUSEMENTS INC.**

BY: David Zook BY: Sherry Brown

DATE: April 12, 2022 [22-17] DATE: January 31, 2022

The County Executive or Designee did not sign contracts 22-51 and 22-57.

Cache County Fair and Rodeo [22-51] Backslash Media Inc.

By: _____ By: Andrew Olson

Date: _____ Date: 1.28.22

Title: _____ Title: Owner-Backslash Media

IN WITNESS WHEREOF, the Parties sign and cause this contract to be executed.

PRODUCER: Jeff R. Flittner

Bar T Rodeo Livestock and Trucking LLC
Name: Jeff R. Flittner
Title: Manager
Date: 7-13-2022

COUNTY:

David Zook
Cache County Executive
Cache County
Date: _____ [22-57]

Auditor Recommendation: The four contracts not complying with Cache County Code could have easily been remedied with the appropriate checks and balances. The question becomes, who is responsible for executing said checks and balances? The code only specifies the requirements and identifies the County Clerk as the document's custodian upon its execution. It should be noted



that whoever is encumbered with this responsibility (Elected, Department Head, or Employee) should have an occasional review for accuracy and timeliness.

Finding A3 – Records

Pursuant to Cache County Code 3.16.040 RECORDS:

The original fully signed contract shall be filed with, indexed, and maintained by the Cache County clerk. (Ord. 2015-03, 3-24-2015, eff. 4-3-2015)

AND Pursuant to Cache County Code 3.16.050 APPROVAL:

No contract shall be entered or signed unless and until:

D. The executed agreements shall be placed in the custody of the county clerk.

At the time of the original pull, the County Clerk only possessed 80 contracts and agreements from the fiscal year 2022. In reviewing the County Sheriff's agreements for service, it was noted that a missing contract was presumed to have been executed in June. It was also pointed out by the Executive Director of the Cache County Senior Citizen Center that the annual agreement with the Bear River Association of Government's Council on Aging was not listed, which was presumed to have been executed in June or July.

The Internal Auditor contacted the County Executive's Office to see if a fully executed version was available and had not made it to the County Clerk's office for indexing. Ms. Allen of the County Executive then completed an extensive review of pending contracts. As a result, at the time of this audit's publication, ten (10) 2021 and twenty-seven (27) 2022 contracts were belatedly submitted to the County Clerk's office. This is in addition to the original eight (8) 2022 contracts that were found to be missing at the start of the audit.

Auditor Recommendation: The current system is too labor intensive on one individual without the resource of a tracking system. This could be something built out by the County's IT Department, a boxed program such as DocuSign, or a cloud-based system like google forms.

Finding A4 – Approval (A) County Attorney to Review

Pursuant to Cache County Code 3.16.050 APPROVAL:

No contract shall be entered or signed unless and until:

A. *It has been reviewed and approved by the county attorney (or designee) as to property form and compatibility with state law.*

The County uses what is referred to as a "pink sheet," which is a cover sheet on all contracts and agreements. Upon reviewing the pink sheets of all eighty, only one was missing a signature in the



line designated under the statement, "County Attorney's Office has reviewed the contract and rendered a legal opinion."

<input checked="" type="checkbox"/> Department or Person Responsible for Contract or Agreement	<u>BRMH</u>
Signature <u>BETH SMITH</u>	Date <u>6/10/2022</u>
<input checked="" type="checkbox"/> County Attorney's Office has reviewed the contract and rendered a legal opinion	
Signature _____	Date _____

This specific agreement (No. 22-53) was a revenue agreement named: "Bear River Metal Health Authority State Match Contract." It was, in essence, a notice of Department changes pursuant to Utah Code Ann. 26B-1-201 that went into effect July 1st of 2022, transferring all contractual obligations, duties, and rights to the Utah Department of Health and Human Services. Being so, it did not encumber, in debt, or commit the County to any more or less obligation than the previous agreement with the Department of Mental Health.

It should be noted that, where not violating Cache County Code, eight of the contracts were initiated and reviewed by the same County Attorney. These eight are enumerated below:

22-10 "Opioid Settlement Memorandum of Understanding."

<input checked="" type="checkbox"/> Department or Person Responsible for Contract or Agreement	<u>Attorney</u>
Signature <u>JOHN LUTHY</u>	Date <u>3/7/2022</u>
<input checked="" type="checkbox"/> County Attorney's Office has reviewed the contract and rendered a legal opinion	
Signature <u><i>John Luthy</i></u>	Date <u>3/7/22</u>

22-25, 22-26, 22-27 "Quit Claim Deed(s) resulting from Resolution 2022-15."

<input checked="" type="checkbox"/> Department or Person Responsible for Contract or Agreement	<u>Attorney</u>
Signature <u>ALISA LARSEN</u>	Date <u>5/26/2022</u>
<input checked="" type="checkbox"/> County Attorney's Office has reviewed the contract and rendered a legal opinion	
Signature <u><i>Alison</i></u>	Date <u>5/26/22</u>

22-60 "Attorney Retention Agreement with Anderson Call & Wilkinson, P.C."



(X) Department or Person Responsible for Contract or Agreement Attorney
 Signature ALISA LARSEN Date 4/25/2022

(X) County Attorney's Office has reviewed the contract and rendered a legal opinion
 Signature *Alisa Larsen* Date 4/25/22

22-65 "Settlement Agreement – Copyright Infringement."

(X) Department or Person Responsible for Contract or Agreement Attorney
 Signature JOHN LUTHY Date 8/3/2022

(X) County Attorney's Office has reviewed the contract and rendered a legal opinion
 Signature *John Luthy* Date 8/3/22

22-66 & 22-67 "Indigent Capital Defense Fund Application."

(X) Department or Person Responsible for Contract or Agreement Indigent Defense
 Signature JOHN LUTHY Date 8/25/2022

(X) County Attorney's Office has reviewed the contract and rendered a legal opinion
 Signature *John Luthy* Date 8/26/22

Auditor Recommendation: Both State and County Codes speak to the necessity of Attorney review on contracts and agreements as there are legal implications to the County in each document. One unreviewed agreement out of eighty doesn't seem to be an issue unless the County ends up in litigation over that specific contract. Again, as it is not against State or County code that the Attorney initiating said contract was also the County Attorney to review the same contract, the internal auditor would recommend that in terms of "best practices," those two persons be separate.

Finding A5 – Interlocal Agreement:

Pursuant to Cache County Code 3.16.200 INTERLOCAL AGREEMENT:

No interlocal agreement may be entered by the county except in compliance with the provisions of the Utah interlocal cooperation act.

(Ord. 2015-05, 3-24-2015, eff. 4-3-2015)



Thirteen of the eighty are interlocal agreements between the Sheriff or Fire District and municipalities within the County for services. All eighteen fall under the definitions in the applicable Utah Code:

11-13-202 Agreements for joint or cooperative undertaking, for providing or exchanging services, or for law enforcement services -- Effective date of agreement – Public agencies may restrict their authority or exempt each other regarding permits and fees.

AND 11-13-203.5 *Powers, immunities, and privileges of law enforcement officers under an agreement for law enforcement -- Requirements for out-of-state officers.*

AND 11-13-206 *Requirements for agreements for joint or cooperative action.*

Additionally, they were all reviewed by an Attorney under Cache County Code **3.16.050 (A)**, and **USC § 11-13-202.5**.

- 22-45 Hyrum City & Cache County Fire District- Agreement for Emergency Medical Services
- 22-13 Hyrum City & Cache County Sheriff for Law Enforcement Services
- 22-24 Paradise City & Cache County Sheriff for Law Enforcement Services
- 22-28 Providence City & Cache County Sheriff for Animal Control Services
- 22-31 Lewiston City & Cache County Sheriff for Animal Control Services
- 22-32 Lewiston City & Cache County Sheriff for Law Enforcement Services
- 22-33 Richmond City & Cache County Sheriff for Animal Control Services
- 22-34 Richmond City & Cache County Sheriff for Law Enforcement Services
- 22-35 Paradise City & Cache County Sheriff for Animal Control Services
- 22-38 Millville City & Cache County Sheriff for Animal Control Services
- 22-39 Millville City & Cache County Sheriff for Law Enforcement Services
- 22-40 Trenton City & Cache County Sheriff for Animal Control Services
- 22-41 Trenton City & Cache County Sheriff for Law Enforcement Services

The Internal Auditor did confirm with the Cache County Finance Office that the contracts were being billed at the updated rate and that, by section 4.D of all [CITY or TOWN] Law Enforcement Service Agreements:

D. The CITY will insure that all monies allocated to the CITY by the State's Liquor Control Act grant will be forwarded to the COUNTY to be expended on liquor law enforcement activities exclusively within the CITY.



Additionally, the State Liquor funds to those cities or towns were cross-referenced to the public accounts payable report maintained by the Utah State Treasurer’s office. The finance office confirmed that the amounts matched what was received and retained by the County under these agreements.

Sales Tax Distributions			Fiscal Year:	
Tax Type	Co/City	Locality	2014-2015	2018-2019
Liquor	03033	Hyrum	8,113.68	6,206.18
Liquor	03036	Lewiston	1,694.17	1,681.20
Liquor	03044	Millville	986.75	1,576.84
Liquor	03053	Paradise	422.00	452.30
Liquor	03056	Providence	4,889.53	4,377.12
Liquor	03059	Richmond	2,733.45	3,282.80
Liquor	03081	Trenton	211.71	243.21

Auditor Recommendation: There needs to be a process that informs the County Finance Department of increases in existing contracts or the execution of new revenue contracts. The Finance Office has done its best to track down contracts through County minutes to execute invoicing accurately on behalf of the County. However, as was recommended in finding A3, should the County create, purchase, or utilize a tracking application, it should include the County Finance Department in the list of departments noticed when a contract or agreement becomes fully executed.

Section B: Verification

Finding B1 – Effective Date & Term:

Of the eighty contracts and agreements, thirty-three (33) have been completed, three (3) are ongoing reimbursement agreements, two (2) are active in perpetuity until 30 days’ notice is given to either party, and forty-two (42) are active/not complete.

Of the parcels coded as “active/not complete, “ the terms vary from case closure to the end of the fiscal year 2027. Unfortunately, nothing in the County’s accounting, record, or other administrative system currently tracks the term of open contracts for expiration or renewal.

We have seen this as a standing issue; A recent example is the Cache County Real Property Asset Audit (published in 2023), explicitly finding Finding 5 that notes the Master Ground Lease Agreement with the Eccles Ice Arena expired in 2014.



Auditor Recommendation: The lack of a tracking system for the ease of monitoring open contracts is more of an issue of termination and renewal than the effective date. However, there were several instances in the review of last year’s agreements where the executed date was three months after the terms were implemented. Therefore, the auditor recommends implementing a monitoring system that includes all the County’s open contracts, their renewal date, expiration date, and additional terms that would be needed if the County’s authorized party desired to terminate the said agreement.

Finding B1 – Fiscal Oversight:

The internal auditor verified that agreements committing the County to a set cost came in on or under budget; reimbursements were submitted timely, and designated increases were appropriately administered in the invoice. On the revenue side, the internal auditor verified that billing for services was done timely and for the most current contracted amount.

This, too, has been an issue, A recent example of this is the Cache County Real Property Asset Audit (published in 2023), specifically Finding 8 referencing the Tremonton gravel pit and the conditional lease therein that expired in 2018 but was subsequently billed out and revenue was received for the years 2019 & 2020.

Subsequently, five (5) of the ten (10) “Agreement[s] for legal services for Indigent Persons appearing in Cache County” were initially executed on February 14th, 2022, for the entire calendar year of 2022. However, the monthly rate was increased from \$6,500/month to \$8,500/month for the same services. These updated agreements were executed on September 1st, 2022 though their contract terms were modified from June 1, 2022, to May 31, 2023. The finance office was paying the correct rate in June, July, and August, which begs the question of how the finance office would know of the contractual increase if it wasn’t fully executed until September.

This shows the ripple effect of contracts that need to be executed promptly. Per the Finance Office, “[We are] usually notified that the contracts have been signed and can be invoiced. At the end of the year, if the contract is not signed, we get a copy of the unsigned contract so that we can record them for year-end entries.”

Auditor Recommendation: See recommendation in Finding A5. The County Finance Office is in the precarious position of guessing if a contract will be fully executed so that they may bill and pay



invoices accurately and timely. This places the risk of over-payment/under-payment or over-invoicing/under-invoicing on that department.

