

MINUTES
CLARK COUNTY SCHOOL DISTRICT
SPECIAL MEETING OF THE BOARD OF SCHOOL TRUSTEES
ADMINISTRATIVE CENTER, ROOM 466
5100 WEST SAHARA AVENUE, LAS VEGAS, NV 89146

AUDIT ADVISORY COMMITTEE

Wednesday, March 20, 2013

9:30 a.m.

Roll Call:	<u>Members Present</u>	<u>Member Absent</u>
	Patrick Patin, Chairperson	Cathy Jones
	B. Keith Rogers	
	Erin Cranor, Board Liaison	

Dwight D. Jones, Superintendent of Schools

Also present were: Jeff Weiler, Chief Financial Officer, Business and Finance Division; Jim McIntosh, Deputy Chief Financial Officer, Operations Support Unit; Janette Scott, Director, Internal Audit Department, Office of the Chief of Staff; Steve Maiello, Auditor, Internal Audit Department, Office of the Chief of Staff; Tamara Miramontes, Audit Manager, CPA, Kafoury, Armstrong, & Co.; Cindy Krohn, Executive Assistant to the Board, Board Office; and Stephanie Gatlin, Transcriber/Recording Secretary, Board Office.

ADOPT AGENDA

Adopt agenda.

Motion: Rogers Second: Patin Vote: Unanimous

APPROVE MINUTES

Approval of the meeting minutes of January 23, 2013.

Motion: Rogers Second: Patin Vote: Unanimous

REVIEW OF THE INDEPENDENCE AND QUALIFICATIONS OF THE CLARK COUNTY SCHOOL DISTRICT'S INDEPENDENT EXTERNAL AUDITOR

Approval regarding the independence of the Clark County School District's external auditor, Kafoury, Armstrong & Co., the required rotation of audit partners (if any), and the qualifications and experience of the senior members of the external audit engagement team.

Ms. Miramontes referenced the letter written to the Audit Advisory Committee from Kafoury, Armstrong & Co., as presented in Reference 2.02, and confirmed their independence as related to the June 30, 2013, audits. She briefly spoke about the functions of the senior members of the engagement team, being herself and Dan Rushin, CPA, Project Manager, Kafoury, Armstrong & Co. She said Kafoury, Armstrong & Co.'s quality control peer review would be conducted this year and that when that information becomes available, she would provide a report to the Committee.

APPROVE RENEWAL OF THE ENGAGEMENT OF THE INDEPENDENT EXTERNAL AUDITOR FOR THE CLARK COUNTY SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Approval regarding the renewal of the engagement of the Clark County School District's independent external auditor, Kafoury, Armstrong & Co., for the fiscal year ended June 30, 2013, as recommended in Reference 2.03.

Ms. Miramontes provided a copy of the auditor's engagement letter and briefly went through the information provided.

Mr. Patin asked if the auditors anticipate any difficulties or changes will arise that would affect the risk assessment or audit work due to the departure of the superintendent.

Ms. Miramontes responded that she does not anticipate any problems will occur.

Motion to recommend to the Board of Trustees that they accept the renewal of the engagement of the independent external auditor, Kafoury, Armstrong & Co., for the fiscal year ended June 30, 2013.

Motion: Rogers Second: Patin Vote: Unanimous

APPROVE REVIEW OF THE CLARK COUNTY SCHOOL DISTRICT BOARD OF TRUSTEES' POLICY EL-6: FINANCIAL CONDITION AND ACTIVITIES

Approval regarding the review of Governance Policy EL-6: Financial Condition and Activities. Any changes recommended to the Governance Policies at this meeting will be brought forward to the Board of Trustees and will not be implemented unless adopted by the public policy review process at a regular meeting of the Board of Trustees.

Mr. Patin said he did not note any changes to be made at this time. He suggested that this be brought back at a later time.

Trustee Cranor said a constituent has provided a proposal related to this policy that essentially is to ensure that the money being used will contribute to the Board's Ends. She asked that the Committee consider and advise on how the Board would best govern under the goal of the expenditures being in line with the Board's priorities, and how the Board might communicate with legislators and with the community in an effort to be transparent.

Mr. Patin asked to be provided with the proposal for review.

Trustee Cranor agreed to provide that information to Mr. Patin.

ADOPTION OF A MOTION DIRECTING THE CHAIR TO MEET WITH THE INDEPENDENT EXTERNAL AUDITOR INDEPENDENTLY FROM ADMINISTRATION AND INTERNAL AUDITORS FOR THE 2012-2013 FISCAL YEAR

Adoption regarding a motion directing the Chair to meet with the independent external auditor independently from administration and internal auditors on behalf of the Audit Advisory Committee, as recommended.

Mr. Patin said the intent of this item is to bring the Audit Committee in line with its bylaws and calendar; specifically, to allow the chair to fulfill the function of traditional audit committees that meet independently with internal and external audit.

Motion directing the chair to meet with the independent external auditor independently from administration and internal auditors for the 2012-2013 fiscal year.

Motion: Rogers Second: Patin Vote: Unanimous

ADOPTION OF A MOTION DIRECTING THE CHAIR TO MEET WITH THE DIRECTOR OF INTERNAL AUDIT INDEPENDENTLY FROM ADMINISTRATION AND EXTERNAL AUDITORS FOR THE 2012-2013 FISCAL YEAR

Approval regarding a motion directing the Chair to meet with the Director of Internal Audit independently from administration and external auditors on behalf of the Audit Advisory Committee, as recommended.

Motion directing the chair to meet with the Director of Internal Audit independently from administration and external auditors for the 2012-2013 fiscal year.

Motion: Rogers Second: Patin Vote: Unanimous

Mr. Patin noted that neither this nor the previous item preclude any member of the Committee from independently meeting with the external auditor or internal audit throughout the fiscal year.

APPROVE UPDATE ON THE CLARK COUNTY SCHOOL DISTRICT INTERNAL AUDIT DEPARTMENT

Approval on work performed by and the status of the Clark County School District Internal Audit Department for the current fiscal year.

Mrs. Scott provided an update on the Internal Audit Department's Audit Plan for Fiscal Year (FY) 2013. She stated that for fiscal year 2014, she would begin meeting with department heads in April, and that the risk assessment and audit plan should be completed and ready for the Committee to review in June.

Mr. Maiello reported on the results of the completed budget department audit.

APPROVE UPDATE ON THE CLARK COUNTY SCHOOL DISTRICT INTERNAL AUDIT DEPARTMENT (continued)

Trustee Cranor said among legislators there has been a perception in the past and now a tentativeness that the District will begin filling more central office staff positions, and she asked if there is a way to be transparent with respect to this issue.

Mr. Weiler discussed the budget process reinstituted for the budget, which includes a prioritized list. He said the intent of this process is to stop out-of-cycle spending.

Trustee Cranor asked what report or information could be made available to the public.

Mr. Weiler said the intent is to continue to show the budget information in the District's Open Book and to continue to update that information.

Trustee Cranor said what is most important at this time is to show that there is not an out-of-cycle migration of school-level positions into the central office.

Mr. Patin suggested that perhaps Mr. Weiler and Mr. McIntosh could present at the next Audit Advisory Committee meeting what reports are being provided or could be provided that address this issue, and the Committee could provide feedback.

Mr. Weiler agreed and recommended that it should then be brought to the full Board so it could perhaps be captured in Board policy so staff could move forward.

Mr. Patin asked Mrs. Scott if she anticipated any disruption in the functions of the Internal Audit Department due to the departure of the superintendent.

Mrs. Scott answered no.

APPROVE UPDATE FROM THE CLARK COUNTY SCHOOL DISTRICT'S FINANCIAL MANAGEMENT DEPARTMENT

Approval regarding an update from District's Financial Management Department on the current and future expected financial conditions and the District's budget visualization tool known as "Open Book."

Mr. Weiler said the Board would receive an update at their regular meeting tomorrow, and there would be a more detailed presentation at the April 3 work session. He invited the committee to attend. He briefly reported that state funding is up; that there are 700 teaching positions budgeted in the tentative budget; and that two bond-funded positions are being recommended to be moved to the general fund. He said staff is going to propose a multi-year plan to restore the fund balance over a period of approximately five years. He said a new release of Open Book is schedule for April 3 with the most significant change being the addition of another year, and school-level dashboard data and operational measures are still being developed.

APPROVE UPDATE FROM THE CLARK COUNTY SCHOOL DISTRICT'S FINANCIAL MANAGEMENT DEPARTMENT (continued)

Mr. Patin asked if Mr. Weiler anticipated any problems with financial reporting or budgeting with the superintendent 's departure.

Mr. Weiler answered no.

FUTURE MEETING PLANNING

Motion to hold the next Audit Advisory Committee on Wednesday, June 26, 2013, at 9:30 a.m. at the Administrative Center in room 446.

Motion: Rogers Second: Patin Vote: Unanimous

AGENDA PLANNING: ITEMS FOR FUTURE AGENDAS

Mr. Patin said the committee meeting would be an internal audit focus meeting, reviewing the risk assessment, audit plan, and the internal audit charter. He said if any information with regard to the budget reports is ready, the Committee could review those as well.

Mr. Weiler agreed to bring something forward at the next Committee meeting.

Mr. Patin said the Committee would also bring back the non-budget Executive Limitation (EL) policy, and the Committee would also hear the routine updates.

PUBLIC COMMENT PERIOD

None.

ADJOURN: 10:25 a.m.

Motion: Rogers Second: Patin Vote: Unanimous