

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

September 26, 2012

9:33 a.m.

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

Dwight D. Jones, Superintendent of Schools

Also present were: Jeff Weiler, Chief Financial Officer, Operations Support Unit; Jim McIntosh, Deputy Chief Financial Officer, Operations Support Unit; Janette Scott, Director, Internal Audit Department, Office of the Chief of Staff; Daniel Rushin, Senior Audit Manager, CPA, Kafoury, Armstrong, & Co.; Lisa Chrapcynski, Administrative Secretary II, Board Office; and Stephanie Gatlin, Transcriber/Recording Secretary, Board Office.

**ADOPT AGENDA**

*Adopt agenda.*

*Motion: Kellerman    Second: Rogers    Vote: Unanimous*

**APPROVE MINUTES**

Approval of minutes from the regular meeting of July 9, 2012, is recommended.

*Motion to approve.*

*Motion: Rogers    Second: Kellerman    Vote: Unanimous*

**APPROVE UPDATE ON THE EXTERNAL FINANCIAL STATEMENT AUDIT FOR THE CLARK COUNTY SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Approval regarding timing, status, issues and results of the external audit of the Clark County School District for the fiscal year ended June 30, 2012.

**APPROVE UPDATE ON THE EXTERNAL FINANCIAL STATEMENT AUDIT FOR THE CLARK COUNTY SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2012 (continued)**

Mr. Rushin gave a brief update on the status of the audit engagement. He said the auditors began fieldwork on October 4<sup>th</sup> with a target to end the fieldwork on September 28<sup>th</sup>. He said there are no potential findings to discuss at this point, but seven major programs were audited. He noted that there were no new standards implemented for this year and the auditors are on schedule to meet their set due dates, including a target reporting date of October 10<sup>th</sup>, presentation of the final Comprehensive Annual Financial Report (CAFR) on October 30<sup>th</sup>, and presentation at the Board Work Session November 7<sup>th</sup>.

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

Approval regarding an update from the District financial management department on the current and future expected financial conditions with topics including the budget, recent debt rating changes, and ballot initiative.

Mr. Weiler stated that an amended final budget would be coming forward in November, which will reflect an increase in state revenue and an increase in staffing at the school level based on increased enrollment. He said the District recently completed a refinancing, saving the District approximately \$17 million over the life of the bond. He said, however, that the District's bond rating was downgraded by one bond rating agency in this process from AA- to A+. He talked about the District's ballot initiative, Question 2, explaining that it is a Pay As You Go (PAYGO) construction program to increase property taxes for up to 6 years for the improvement of CCSD schools.

**APPROVE UPDATE ON THE BUDGET VISUALIZATION TOOL FOR THE CLARK COUNTY SCHOOL DISTRICT**

Approval regarding the District's budget visualization tool including evaluation review reports from Audit Advisory Committee members.

Mr. Weiler said that District staff is in the process of updating all financial and budget information after undergoing a fairly significant reorganization and is looking to roll out the budget tool in late November. He said that staff also hopes to make adjustments to this budget tool monthly and have the information coincide with the budget transfer information to be provided to the Board on a monthly basis.

Mr. Patin asked committee members for their input on the visualization tool.

Mr. Kellerman commented that it was at times cluttered in terms of deciphering the information.

Mr. Weiler stated that the tool is written to the functional structure in how the District reports to the state, which may not translate easily to community members.

**APPROVE UPDATE ON THE BUDGET VISUALIZATION TOOL FOR THE CLARK COUNTY SCHOOL DISTRICT (continued)**

Trustee Cranor suggested that it would be beneficial to keep the information presented as is and make the effort to educate the public. She said a value of presenting the information in this format is that the District will be able to compare itself nationally over time.

**APPROVE UPDATE ON THE CLARK COUNTY SCHOOL DISTRICT INTERNAL AUDIT DEPARTMENT**

Approval on work performed by the Clark County School District Internal Audit Department, results of the quality assurance review and on budget and staffing levels for the current and upcoming fiscal years.

Ms. Scott gave an update on actions of the Audit Department as outlined in the Internal Audit Department Audit Plan Update for FY13 handout.

Mr. Rogers inquired about the impact delayed audits might have on upcoming planned audits.

Ms. Scott explained that it causes everything to be delayed, which is typical with department audits.

Mr. Patin expressed concern regarding the amount of audit hours and asked that the Audit Advisory Committee be provided with an updated audit plan for review.

**APPROVE REVIEW AND RECOMMENDATION OF AMENDMENTS TO THE CLARK COUNTY SCHOOL DISTRICT AUDIT COMMITTEE BYLAWS AND CALENDAR**

Approval regarding the review of and recommendation of amendments to the bylaws and calendar of the Clark County School District Audit Advisory Committee. Any changes recommended to the bylaws and calendar at this meeting will be brought forward to the Board of Trustees and will not be implemented unless adopted at a regular meeting of the Board of Trustees.

Mr. Patin suggested that any proposed changes to the committee's bylaws and calendar be brought back to the next meeting in a written format for review.

With regard to membership, Mr. Patin said that he did not agree with term limits for committee members or the committee chairperson.

Trustee Cranor said she would not be opposed to removing the term limits for serving as chair of the committee.

Mr. Rushin agreed to look into this matter in terms of best practices and provide feedback to the committee.

## **APPROVE REVIEW AND RECOMMENDATION OF AMENDMENTS TO THE CLARK COUNTY SCHOOL DISTRICT AUDIT COMMITTEE BYLAWS AND CALENDAR (continued)**

There was a consensus that the committee's next agenda would include an item to discuss removing the term limits.

Mr. Patin referred to the Quality Assurance review best practices and a suggestion that some language should be added to the committee's bylaws in relationship to the Audit Advisory Committee's authority and responsibilities, and he asked Ms. Scott to bring forward some specific suggestions to add to the committee's bylaws.

Ms. Scott agreed to do so.

Under the Audit Advisory Committee Responsibilities Calendar, Mr. Patin suggested adding "governance policies" to Number 1. b. after "District's," to Number 5 after "financial reporting," and to Number 6 after "risk;" and under Number 9 adding "If appropriate" to the beginning of the sentence.

In terms of what is outlined in Numbers 11 and 12, Mr. Patin stated that the committee members are not allowed to meet with the independent auditor and the internal auditor director in this manner. He said what he routinely does is contact Ms. Scott and has a conversation with her regarding any issues which she feels they need to discuss, and if necessary, he places any items on the agenda to be discussed by the committee. He said he also contacts external audit a few weeks prior to the committee meeting. He suggested adding the language to the beginning of Number 11 and Number 12, "Authorize the chairman to..." He clarified that this language should not preclude any committee member from doing this as well.

Mr. Patin proposed adding a number between Numbers 13 and 14 to be the new Number 14 which would read, "Review and make recommendations for internal audit's annual risk assessment and significant changes to the risk assessment."

Ms. Scott suggesting simply adding "risk assessment" to Number 14 to read, "Review and make recommendations for internal audit's annual audit plan and risk assessment and significant changes to the plan and the risk assessment."

Mr. Patin agreed with Ms. Scott's suggestion. He suggested adding a new item to Number 14 to read, "Review and make recommendations to the internal audit charter."

Referring to Number 16, Mr. Patin suggested adding the language to the end of that item to read, "...to significant or material control issues or any issues related to fraud."

Trustee Cranor said she would discuss this proposed language with the Board and get their input.

## **APPROVE REVIEW AND RECOMMENDATION OF AMENDMENTS TO THE CLARK COUNTY SCHOOL DISTRICT AUDIT COMMITTEE BYLAWS AND CALENDAR (continued)**

With relation to Numbers 18 and 20, Mr. Patin said he feels it would be appropriate to begin including complaints related to internal audit, accounting, and budget for the committee's review. Regarding Number 19, he said he believes the committee is meeting that responsibility through the reports they review from external audit and the significant reports that they review from internal audit but wanted to make sure the committee was sufficiently meeting that responsibility as stated.

After some discussion, Trustee Cranor proposed changing the language in Number 19 to read, "Review reports pertinent to the control environment..."

Mr. Patin agreed with Trustee Cranor's suggestion. He proposed adding a Number 22 to read, "Review and recommend changes to the Audit Advisory Committee Bylaws and Calendar," and a Number 23 to read, "Perform an annual review of the committee's effectiveness and efficiency."

Mr. Patin stated that there would be an agenda item on the committee's next meeting agenda to discuss and formally recommend these proposed changes to the Board.

## **APPROVE CLARK COUNTY SCHOOL DISTRICT AUDIT ADVISORY COMMITTEE SELF-EVALUATION**

Approval regarding an evaluation by the Committee of its performance and efficiency including input from management, internal audit, external audit, and the public.

Everyone expressed appreciation for the committee's work and for Trustee Cranor's leadership.

Trustee Cranor thanked the committee for their dedication and willingness to address important issues and their help and support as the District moves toward education reform.

Mr. Rushin volunteered to review best practices and provide feedback to the committee.

Mr. Patin thanked committee members, Trustee Cranor, District staff, and external audit for their support and dedication.

## **APPROVE FUTURE MEETING PLANNING**

Approval for future meetings of the Audit Advisory Committee.

Mr. McIntosh noted that on October 30, 2012, the CAFR would be presented to the Board president and the Superintendent as required by statute.

Mr. Patin noted that the joint meeting with the Board of School Trustees was scheduled for November 7, 2012, at 8:00 a.m. at the Education Center in the board room. He inquired about the committee submitting questions to District staff before this meeting.

**APPROVE FUTURE MEETING PLANNING (continued)**

Mr. McIntosh suggested that the committee submit all of their questions to staff, and those questions and answers would be included in the reports at the meeting, as they were last year.

*Motion to hold the next Audit Advisory Committee meeting on January 16, 2013, at 9:30 a.m. at the Administrative Center in Room 466.*

*Motion: Rogers    Second: Kellerman    Vote: Unanimous*

Mr. Patin stated that he would also be in attendance at the meeting on October 30<sup>th</sup> with the Board president, the Superintendent, and external audit.

The committee was informed that the conference room was not available for January 16<sup>th</sup>.

*Motion to rescind the previous motion.*

*Motion: Rogers    Second: Kellerman    Vote: Unanimous*

*Motion to hold the next Audit Advisory Committee meeting on January 23, 2013, at 9:30 a.m. at the Administrative Center in Room 466.*

*Motion: Rogers    Second: Kellerman    Vote: Unanimous*

**AGENDA PLANNING: ITEMS FOR FUTURE AGENDAS**

Mr. Patin noted that items on the agenda for the committee's next meeting would include an updated audit plan, the committee's bylaws and calendar proposed changes, and management's responses to any control deficiencies.

**PUBLIC COMMENT PERIOD**

None.

**ADJOURN:** 10:58 a.m.

*Motion: Rogers    Second: Kellerman    Vote: Unanimous*