

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, October 16, 2013

9:30 a.m.

Roll Call:	<u>Members Present</u>	<u>Member Absent</u>
	Patrick Patin, Chairman	B. Keith Rogers
	Colleen Boyle	
	Anthony Mook	
	Patricia Morris	

Erin Cranor, Board Liaison

Pat Skorkowsky, Superintendent of Schools

Also present were: Jim McIntosh, Interim Chief Financial Officer, Business and Finance Division; Janette Scott, Director, Internal Audit Department, Office of the Chief of Staff; Tom Nacos, Director, Purchasing, Warehousing, Mail Service and Graphic Arts, Business and Finance Division; Tamara Miramontes, Audit Manager, CPA, Kafoury, Armstrong, & Co.; Cindy Krohn, Executive Assistant, Board Office; and Stephanie Gatlin, Transcriber/Recording Secretary.

ADOPT AGENDA

Adopt agenda, including addendum, except pulling Items 3.04 through 3.09.

Motion: Mook Second: Boyle Vote: Unanimous

PUBLIC COMMENT PERIOD

None.

APPROVE MINUTES

Approval of the minutes from the meeting of August 28, 2013.

Motion: Boyle Second: Morris Vote: Unanimous

APPROVE UPDATE ON THE EXTERNAL FINANCIAL STATEMENT AUDIT FOR THE CLARK COUNTY SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Approval regarding timing, status, issues and results of the external audit of the Clark County School District for the fiscal year ended June 30, 2013.

APPROVE UPDATE ON THE EXTERNAL FINANCIAL STATEMENT AUDIT FOR THE CLARK COUNTY SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2013 (continued)

Ms. Miramontes reported that the audit is complete, and there was an unmodified opinion on the financial statements, as well as the Yellow Book report and the major programs report; that there were no material weaknesses, significant deficiencies, or noncompliance found; and that the District did implement the Governmental Accounting Standards Board's Statement No. 63 (GASB 63) as required, and the District opted to early implement GASB 65.

APPROVE FISCAL GOVERNANCE REFORM

Approval regarding stronger fiscal governance structure for the Clark County School District. 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.

Trustee Cranor explained the Board's intent toward fiscal governance reform. She said the proposed revisions would be on the Board's October 24, 2013, agenda.

APPROVE REVIEW OF THE CLARK COUNTY SCHOOL DISTRICT'S PROCEDURES RELATED TO ACCOUNTING, INTERNAL CONTROL, OR AUDITING COMPLAINTS

Approval regarding the review of the procedures and practices for the receipt, retention, and treatment of complaints received by the District regarding accounting, internal controls, or auditing matters including procedures and practices for the confidential submissions by employees or the public.

Ms. Scott said the Internal Audit Department receives complaints from all levels of District employees, as well as from the public. She discussed the procedures for handling incoming complaints. She said the department also receives anonymous telephone calls and mail.

Ms. Morris asked what type of database the department uses to track the incoming calls.

Ms. Scott said the requests are too few to create a database, but every request is documented on a spreadsheet and a file of all letters is maintained.

Ms. Morris suggested setting up a hotline for the calls that come in to the Internal Audit Department.

Ms. Boyle asked if individuals who file a complaint receive a response.

Ms. Scott said if an audit is conducted as a result of the complaint, the individual who made the complaint receives a copy of the audit report.

Mr. McIntosh offered that the superintendent's office has a mechanism for receiving and tracking complaints, and the response to the complaint is also tracked.

**APPROVE REVIEW OF THE CLARK COUNTY SCHOOL DISTRICT'S PROCEDURES
RELATED TO ACCOUNTING, INTERNAL CONTROL, OR AUDITING COMPLAINTS (continued)**

Mr. Patin asked if a report of the complaints that come in could be provided to the Audit Advisory Committee.

Ms. Scott said she typically includes the number of requested audits in her quarterly updates to the committee.

Mr. Patin asked that any additional information of complaints, such as the number of anonymous calls and which departments they were related to, be included in that report.

Ms. Scott agreed to provide that information.

**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.

Ms. Scott presented the Internal Audit Department's Audit Plan Update for Fiscal Year 2014.

Ms. Morris asked for the topics of the special audit requests.

Ms. Scott said the four audits were performed at schools; two were concerns regarding new principals and banking issues, which resulted in no findings; one was an audit with some fraud involved; and one was an audit with a request for review of a scholarship account.

REQUEST FOR PROPOSAL (RFP) PROCESS

Presentation and discussion regarding the Clark County School District Request for Proposal (RFP) process concerning the timeline of obtaining an independent auditor.

Mr. McIntosh explained the District's timeline for securing an independent auditor and said in line with that, the District would be moving forward with a Request for Proposal (RFP).

Mr. Nacos explained the purchasing process that the District follows.

Mr. Patin asked if the committee is allowed to participate in the scoring process.

Mr. McIntosh said during the previous process, the committee was given access to the proposals and one committee member was elected to review the proposals. He said individuals who serve on the evaluation committee are not allowed to disclose information included in the proposals.

Mr. Nacos said the District is able to have an independent party on the evaluation committee. He said the previous proposal was evaluated only by internal District staff.

REQUEST FOR PROPOSAL (RFP) PROCESS (continued)

Mr. McIntosh agreed that in addition to the audit of the District's financial statements required by the state, the District also requires an audit of its federal programs, Vegas PBS, and a proprietary audit of the Board's Executive Limitations under their governance policies.

Mr. Mook asked how broadly the RFP would be posted.

Mr. Nacos said the RFP is posted in the newspaper and physically on a bulletin board as mandated by state statute, and the District also uses an online notification system.

Mr. McIntosh said the District also reaches out to the top five largest local accounting agencies and considers recommendations from individuals.

Mr. Mook said he finds it interesting that those who would be audited are those who are involved in creating and evaluating the RFP. He said in his experience there has always been an independent party in the process.

Mr. McIntosh said if it is the recommendation of the committee, he would suggest that a member of the Audit Advisory Committee be selected to be included in the process as long as it meets purchasing guidelines.

Mr. Patin asked if it is committee's sense to have a member of the committee be involved in the scoring process.

Ms. Morris said she is in support of the proposal process but is unfamiliar with the scoring process at this time.

Mr. Nacos said firms have the opportunity in the question and answer section to submit a complaint, including that they feel it is prohibitive or slanted.

Ms. Morris expressed appreciation for having the input of Mr. McIntosh and the Board. She suggested that the Board be involved in the selection process and seek the assistance of the committee as necessary.

Mr. Patin asked if Trustee Cranor felt the Board would like to be involved in the process or would prefer to have a member of the Audit Advisory Committee be involved.

Trustee Cranor offered to pose that question to the Board at a future meeting.

Mr. Patin asked Trustee Cranor to take the committee's suggestion to the Board and let them know the Audit Advisory Committee is willing to assist if needed, but it is the committee's sense that a Board member should be involved in the scoring process. He said if the Board determines that a committee member should be part of the process, an agenda item for discussion could be placed on the November 15, 2013, meeting agenda.

REQUEST FOR PROPOSAL (RFP) PROCESS (continued)

Trustee Cranor agreed to do so.

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, the budget and the District's budget visualization tool.

Mr. McIntosh explained the timeline on finalization of the Comprehensive Annual Financial Report (CAFR). He said the District is in the third budget cycle of the current fiscal year to be presented as the amended final budget in December, which will be reflective of increases in enrollment; that all employee contracts are being finalized; that the tentative budget for fiscal year 2015 would be presented to the Board in April; and that GASB 67 will be implemented and included in the 2015 CAFR. He said the District's *Open Book* has been updated with each budget presentation and will include the amended final budget when it is presented to the Board in December.

Mr. Patin asked that the committee be given an *Open Book* presentation at their January meeting.

FUTURE MEETING PLANNING

Mr. Patin said the committee would be having its annual joint meeting with the Board of Trustees on Friday, November 15, 2013, at 8:00 a.m. in the board room at the Education Center.

Motion to hold the next Audit Advisory Committee meeting on Wednesday, January 15, 2014, at 9:30 a.m. in Room 466 of the Administrative Center.

Motion: Mook Second: Boyle Vote: Unanimous

AGENDA PLANNING: ITEMS FOR FUTURE AGENDAS

Mr. Patin said at the committee's January meeting, they would be reviewing items in the CAFR and management responses, remediation requirements, or any action that has been taken, and may also discuss the Board's governance policies.

FUTURE MEETING PLANNING (continuing)

Motion to rescind the previous action to hold the next Audit Advisory Committee meeting on January 15, 2014.

Motion: Boyle Second: Mook Vote: Unanimous

Motion to hold the next Audit Advisory Committee meeting on Wednesday, January 22, 2014, at 9:30 a.m. in Room 466 of the Administrative Center.

Motion: Boyle Second: Morris Vote: Unanimous

PUBLIC COMMENT PERIOD

None.

ADJOURN: 10:25 a.m.

Motion: Morris Second: Boyle Vote: Unanimous