

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

Wednesday, March 18, 2015

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	

Kevin L. Child, Board Liaison

Pat Skorkowsky, Superintendent of Schools

Also present were: Kim Wooden, Deputy Superintendent, Educational and Operational Excellence Unit; Jim McIntosh, Chief Financial Officer, Business and Finance Division; Nikki Thorn, Deputy Chief Financial Officer, Business and Finance Division; Janette Scott, Director, Internal Audit Department, Office of the Chief of Staff; Tamara Miramontes, CPA, Proposed Engagement Partner, Eide Bailly LLP; Anna Danchik, CPA, Proposed Audit Manager, Eide Bailly LLP; and Cindy Krohn, Executive Assistant to the Board, Board Office.

ADOPT AGENDA

Adopt agenda.

Motion: Mook Second: Boyle Vote: Unanimous

Ms. Morris was not present for the vote.

PUBLIC COMMENT PERIOD

None.

APPROVE MINUTES

Approval of minutes from the meeting of January 14, 2015.

Motion: Boyle Second: Mook Vote: Unanimous

Ms. Morris was not present for the vote.

APPROVE 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 Eide Bailly LLP, the rotation of audit partners, and the qualifications and experience of the senior members of the external audit engagement team.

Ms. Miramontes stated that under the Government Auditing Standards and the Professional Standards, Eide Bailly, as well as Ms. Danchik and herself, meet the standards for independence.

Mr. Patin asked if it was Eide Bailly's practice to rotate audit partners only when necessary.

Ms. Miramontes said that was correct, but that the firm does employ 200 audit partners, some with governmental audit experience so it would be possible to rotate audit partners. She said Eide Bailly undergoes a second partner audit review so an independent party would be reviewing the file to ensure that there are no independence issues.

Mr. Mook asked how often the auditing firm goes through a peer review.

Ms. Miramontes said a peer review is performed every three years, and the firm has recently undergone a peer review, but it has not yet been approved by the American Institute of Certified Public Accountants (AICPA).

APPROVE RENEWAL OF ENGAGEMENT OF INDEPENDENT FINANCIAL AUDITOR FOR FISCAL YEAR ENDING JUNE 30, 2015

Approval of the recommendation to renew the engagement with Eide Bailly, LLP as the independent financial auditing firm for the Clark County School District for the fiscal year ending June 30, 2015, to perform the District's financial and federal compliance audits; review the annual reports for Vegas PBS in order to meet certification requirements of the Corporation for Public Broadcasting; and review of compliance with the Board of School Trustees Governance Policies EL-5: Financial Planning/Budgeting, EL-6: Financial Condition and Activities, EL-8: Asset Protection, and EL-9: Compensation and Benefits, for an approximate fee of \$178,450.00, to be paid from Cost Center 1010001060, Fund 1000000000, as recommended in Reference 3.03.

Mr. McIntosh stated that Kafoury Armstrong & Co. was selected as the auditing firm to perform the District's external financial audit in 2013 and performed the first audit for fiscal year 2013, but has since been acquired by Eide Bailly LLP. He said there are no substantial changes to the engagement letter the District received from Eide Bailly, and the costs are expected to be the same as the previous year.

COMMITTEE MEMBER ARRIVES

Patricia Morris arrived at the Audit Advisory Committee meeting at 9:38 a.m.

APPROVE RENEWAL OF ENGAGEMENT OF INDEPENDENT FINANCIAL AUDITOR FOR FISCAL YEAR ENDING JUNE 30, 2015 (continued)

Mr. Patin asked how Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pension Plans would affect the 2015 engagement and whether there would be additional billings.

Ms. Miramontes said her firm anticipates the amount of work to be between 20 and 25 hours because of the work being done by the Public Employees Retirement System (PERS) auditors, CliftonLarsonAllen LLP, and the firm did not believe that was significant enough to raise their fee. She added that information regarding the PERS liability would not be available until sometime in August.

*Motion to recommend to the Board of Trustees that Eide Bailly, LLP be renewed as the independent financial auditing firm for the Clark County School District for the fiscal year ending June 30, 2015, to perform the District's financial and federal compliance audits; review the annual reports for Vegas PBS in order to meet certification requirements of the Corporation for Public Broadcasting; and review of compliance with the Board of School Trustees Governance Policies EL-5: Financial Planning/Budgeting, EL-6: Financial Condition and Activities, EL-8: Asset Protection, and EL-9: Compensation and Benefits, for an approximate fee of \$178,450.00.
Motion: Mook Second: Morris Vote: Unanimous*

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 introduced auditors Brian Frey and Joe D'Alessio. She gave the quarterly update on the CCSD Audit Department audit plan for fiscal year 2015 as of March 13, 2015, as provided in Reference 3.04. She added that she hopes to have the risk assessment and the audit plan for next year completed in early June.

Ms. Morris asked Ms. Scott what consideration she would be giving to fraud risk assessment in preparing for her risk assessment.

Ms. Scott said fraud risk is always a consideration in her annual risk assessment and in building the audit plan.

Ms. Morris asked that Ms. Scott share that information with the Committee.

Mr. Mook asked about issues related to the payroll department's software program.

Mr. McIntosh said the software systems in the payroll department are antiquated, and CCSD has released a Request for Proposal (RFP) for a comprehensive human capital program management system and hopes to have a system in place in January 2017.

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

Mr. Patin reported that from the Superintendent's Executive Team meeting he attended, he understood that the Internal Audit Department's involvement in this evaluation process would only be necessary if concerns arise.

Ms. Scott agreed and explained that as the departments go through the evaluation process with the committee, Internal Audit would become involved if the committee felt there were issues that needed to be addressed through an internal audit.

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, recently issued Governmental Accounting Standards Board pronouncements, school construction, the budget, and the District's budget visualization tool known as "Open Book."

Mr. McIntosh discussed the recently authorized legislative bond program for the District. He stated that all of the District's labor contracts are currently open and that a preview of the District's Tentative Budget would be presented at the Board's March 26th meeting, and the Tentative Budget would be presented to the Board on April 8th. He said GASB Statement No. 72 goes into effect for fiscal year 2016.

Ms. Thorne discussed the potential impact GASB 72 would have on the District's budget process. She said this would be implemented as of the June 30, 2016, Comprehensive Annual Financial Report (CAFR).

Mr. Patin inquired about Open Book.

Mr. McIntosh said staff continues to update Open Book. He said Food Service information has been added, and as each budget is prepared, that information is updated. He said it was requested that two federal grants related to American Indian education be added, and those are now online.

FUTURE MEETING PLANNING

Motion to hold the next Audit Advisory Committee meeting on June 24, 2015, at 9:30 a.m. at the CCSD Administrative Center in room 466.

Motion: Morris Second: Boyle Vote: Unanimous

AGENDA PLANNING: ITEMS FOR FUTURE AGENDAS

Mr. Patin said the Committee's next meeting would be the internal audit meeting, and they would review the qualifications and background of the internal audit staff, the audit plan, risk assessment, and fraud risk assessment. He said the external auditors would be asked to provide an update.

PUBLIC COMMENT PERIOD

None.

ADJOURN: 10:05 a.m.

Motion: Mook Second: Morris Vote: Unanimous