

Audit Committee Meeting Minutes

August 22, 2016

1. ROLL CALL: Board Member Sue Seidl, Board Member Stan Lau, Board Member LeRoy Goodman, Board Member Jack Kennedy, City Finance Director Denise Lewis. Not voting: Deputy Finance Director Valerie Lear, Administrative Specialist Lillian McMurray. Absent: Board Member Ray Espinosa.

2. PUBLIC INPUT

There was none

3. APPROVAL OF THE AGENDA: Motion, MOVE TO APPROVE THE AGENDA AS SUBMITTED, Action, Approved, Moved by Board Member Goodman Seconded by Board Member Lau, Vote: Motion passed (summary: Yes= 4, No= 0, Absent=1) Board Member Espinosa (Absent)

4. Approval of minutes from Audit Committee Meetings: Motion, MOVE TO APPROVE MINUTES FROM 12/14/2015 AUDIT COMMITTEE MEETING AS SUBMITTED. Moved by Board Member Goodman, Seconded by Board Member Lau, Vote: Motion passed (summary: Yes= 4, No= 0, Absent=1) Board Member Espinosa (Absent)

5. Discussion and possible action to move the November audit committee meeting from the 4th Monday in November to the third Wednesday in December.

City Treasurer Lewis recommended the Audit meeting to be rescheduled to December 21, 2016 at 3:00pm. She explained that the external auditors would like to make it for both meetings, City Council meeting and the Audit meeting to be held on the same day.

Motion: MOVE TO SET THE AUDIT COMMITTEE MEETING ON DECEMBER 21, 2016 AT 3:00PM. **Moved by** Board Member Goodman, **Seconded by** Board Member Lau, **Vote:** Motion passed (summary: Yes= 4, No= 0, Absent=1) Board Member Espinosa (Absent).

6. Discussion regarding the audit calendar.

City Treasurer Lewis provided the board members a copy of a tentative schedule of audit dates. (See attached)

7. Discussion regarding the auditors and request for a 3- year engagement letter.

City Treasurer Lewis stated that a three (3) year engagement letter is common and our last year with Hinton & Burdick. She would like the committee to know that it is her intent to have a three (3) year contract with them and that would be up for further discussion at a later time.

Board Member Goodman asked the City Treasurer Lewis if she was pleased with their work.

She stated she is, and they are very responsive, helpful, and professional.

Board Member Kennedy asked what the cost would be for a three (3) year contract verses a two (2) year. City Treasurer Lewis stated she has not received a proposal but costs may increase a little year to year. She also mentioned that our prior auditors charged the City over \$60,000 for our annual auditing in the past. Board Member Kennedy asked if there were different areas of audit. City Treasurer Lewis stated the auditors are required to do testing in all areas but depending on the materiality and also what they are reviewing. The procedures are the same each year but the materiality is subject to change each year.

8. Discussion regarding the roles and responsibilities of the audit committee.

City Treasurer Lewis provided a packet of the roles and responsibilities and what is the audit

committee. She shared definitions explaining what the audit committee is and their role. (See Attached) She also mentioned that she is working on new internal policies for cash handling procedures. She would like the committee to review and give their input. She requested input from the Audit Committee members regarding her recommendations on the internal policies for the cash handling procedures.

Board Member Seidl requested if a copy of the Comprehensive Annual Financial Report (CAFER) as the board needs to review before it goes to the auditors. City Treasurer Lewis explained that it is required that they provide the Comprehensive Annual Financial Report (CAFER) within thirty (30) days after the fiscal year end.

PUBLIC INPUT

There were none.

9. **ADJOURNMENT:** There being no further business to come before it, the Audit Committee meeting adjourned 5:15pm.

Approved by the Audit Committee on 12-21-16 by a vote of:

AYES: 4 NAYS: 0 ABSTENTIONS: 0 ABSENT: 1



ATTEST: Administrative Specialist, Lillian McMurray



Chairman Susan Seidl