

## Meeting Minutes of February 23, 2017

Members Present: David Goldin Nicolie Bolster-Ott Allen Nudel Carl Bridgers

Members of the Public Present: Charles Raibley

Staff Present: Chanita Stevenson

1. **Call to Order:** The meeting was called to order at 6:03 PM.
2. **Approval of Meeting Minutes for February 16th:** This item was postponed to the next meeting.
3. **Presentation by the Auditor:** Mr. Charles Raibley from Crowe Horwath LLP presented the Measure I Financial Statements and Performance Audit Reports of 2016 to the Committee for review. The Committee received a brief description of each report. The financial audit looks at the presentation and disclosure of the bond expenditures, cash and fund balance. The performance audit reviews the individual expenditures to determine if they were made in accordance to Proposition 39 as well as Measure I bond language. 25 individual items were sampled. The total dollar amount from the population of expenditures was \$16.1M. The total non-statistical sample amount was \$3,834,478. This was 24% of the total expenditure value. Within that sample, the auditors checked to confirm that all of the back-up documentation was available to support the expenditure. There were no bond issuances or refundings of Measure I. There were no exceptions identified in the financial statements and there were no issues with internal control processes as a part of the performance audit. The auditor has issued an unmodified clean opinion for the financial statements for Measure I. Mr. Raibley noted that Berkeley Unified opted to take a conservative approach by requesting a separate financial audit. Many districts opt to include the financial audit of the building fund as a part of the overall district audit.

### **Questions/Comments with answers from the Auditor:**

1. **Did the District request the Auditor to sample 24% of expenditures?**  
Crowe Horwath selected the percentage to sample. The management team did not request Crowe Horwath to test a certain amount of expenditures.
2. **Please clarify the total number of sampled expenditures.**  
Mr. Raibley referenced the scope section of the Performance Audit and stated that the amount of expenditures sampled was \$16.1M. This is 24% of the total dollar amount of the expenditures.

3. ***Is there a methodology to selecting the expenditure sample to audit?***  
Each firm chooses different ways to standardize their selection process. Crowe Horwath utilizes a non-statistical sampling method. All expenditures are loaded into an excel spreadsheet and expenditures are selected at specific intervals. In addition, a compliance sampling methodology is used. The auditors use both methods and pick the higher of two ensure that majority of the expenditures are covered.
4. ***Was the decision to have the Measure I Financial Audit separate from the District audit a recommendation from the CBOC or board/management?***  
Management elected to have the financial audit separate. He explained that as of 2016 all districts are required to have a separate audit.
5. ***When did the auditor present this information to the Board?*** The district audit was presented to the Audit Committee in late January and then to the Board on February 8, 2017.
6. ***Is interfund borrowing from the construction fund allowed? Member Bolster-Ott questioned Facilities about regarding a request to borrow funds from the construction bond for cash flow.***  
The auditor stated that transfers do occur. The District did not have any findings that this transaction did not comply. The auditor assured the committee no funds misappropriated.
7. ***Should the CBOC should be aware of any District practices that the Auditor would recommend that the District change?***  
Nothing in the audit procedures needs to be changed or improved.
8. ***Are there any issues with the transition in leadership and the different way to fund projects?***  
There have not been any issues with leadership and the accounting process.
9. ***Are there additional ways for the CBOC to check the accuracy of the financial information provided to auditor? The CBOC is responsible for ensuring that the reporting is correct.***  
In your role as the Citizen's Bond Oversight Committee, it is important to ask these types of questions and discuss all financial reports from the District on regular basis. This is the CBOC's primary responsibility.
10. ***Is the auditor required to provide the list of projects sampled in the report?***  
Generally, the performance audit does not include the details of the selected expenditure sample. Some districts request that the auditor include this information. The Education Code does not restrict the auditor from including this information. The auditor could include this information at the request of management.

The Committee will place an action item on the next agenda to approve the reports.

4. **Future Scheduled Meeting Dates:**

- Future meeting dates include March 30, 2017.

5. **Adjournment:**

- The meeting adjourned at 6:32 PM.