

Workforce Partnership Audit Committee Meeting Minutes: October 24, 2019

Members Present

Rick Vaccari (Chair), Rolando Charvel, Ky Lewis, Shandon Harbour

Staff Present

Peter Callstrom, Ellen M. Class

Location: 9246 Lightwave Avenue, San Diego CA 92123

All reports, memoranda and letters contained in the agenda or distributed at the meeting shall by this reference become part of the original minutes.

The meeting was called to order by Rick Vaccari at 10:04am.

Non-Agenda Public Comment: None

Action Items

Item 1: Minutes of the March 13, 2019 Audit Committee Meeting

Committee approves the meeting minutes.

Moved (K. Lewis), Seconded (R. Charvel), Carried unanimously

Item 2: Audit Committee Charter

The committee discussed the initial draft of the committee charter, originally proposed by R. Charvel and T. Sandoval. The draft charter has been updated and modified over the past year, but not voted on for adoption and implementation. Committee members requested that a marked-up version be sent out to all for input.

Information Items

Item 3:

Co-Sourced Internal Audit – Procurement Audit Results

Ellen M. Class, CFO, presented the results of the procurement audit, covering the period of July 1, 2018 through June 30, 2019, as performed by Sayva Solutions, via a co-sourcing agreement. This was the first audit since the implementation of Salesforce for SDWP's procurement process. E. Class advised of three (3) medium-level findings, all of which involve updating and clarifying the procurement policy. K. Lewis congratulated SDWP on a good audit. The committee asked when the recommendations of the auditor will be implemented and completed. E. Class will add the responsible parties and dates to the management action plan. Next internal audit will be of the Accounts Payable/payment process, to be followed by Expense reports and payroll audit. These audits cover the major areas of risk and internal controls for SDWP.

SDWP will send out an annual reminder to all vendors on fraud, waste and abuse as well as where, how and to whom this should be reported. E. Class to send out this annual reminder prior to end of December 2019.

Item 4:

Significant Accounting Policies Annual Review

The committee reviewed the summary of significant accounting policies that accompany SDWP's financial statements and several additional policies including a new lease accounting policy as well as a risk management statement. E. Class noted unearned revenues forthcoming change in treatment for non-profit and governmental organizations, which may impact the SDWP.

Item 5:

Enterprise-Wide Risk Assessment

P. Callstrom requested an Enterprise-wide Risk Assessment (ERA), which began in September. P. Callstrom emphasized the importance of defining SDWP's operational risk profile and is open to both an internal ERA conducted by E. Class and the involvement of a third-party service. E. Class to provide annual insurance summary and cost by category for July 1, 2019 through June 30, 2020.

Item 6: Rogers, Anderson, Malody & Scott LLP Audit Engagement

SDWP is in the second year of a three-year procurement with Rogers, Anderson, Malody & Scott LLP (RAMS) for audit services and tax preparation. R. Charvel noted the benefits to the current auditors, and the risks of not having a fresh pair of eyes on the organization. E. Class confirmed that this will be the final year that RAMS performs these services and that in early Spring a procurement will begin for the services beginning in July 2020.

Item 7: GASB 87 Lease Accounting Update

E. Class provided a lease accounting update based on the complete analysis of all possible SDWP leases in compliance with GASB 87, Government Accounting Standards. Impact of the change in accounting treatment is an increase for both operating and capital leases, which will now be recorded on the balance sheet.

Adjournment: The meeting was adjourned at 11:02 pm.

Next Meeting: January 2020