

## MEMORANDUM

**TO:** Board of Trustees

**FROM:** Ray Tulloch  
Audit Committee Chair

**SUBJECT:** Review, discuss and possibly approve the appointment of Mr. Chris Nolet as an Audit Committee At-Large Member, to approve modifications to Policy 15.1.0 to permit Mr. Nolet's appointment and to defer further review and possible modifications of Policy 15.1.0

**DATE:** July 1, 2021

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### **I. RECOMMENDATION**

The Audit Committee recommends that, in the absence of two Trustees being appointed to the Audit Committee by the Board, the Board of Trustees makes a motion to appoint Mr. Chris Nolet as an at-large member to a two-year term beginning immediately and ending June 30, 2023 and to approve modifications to Policy 15.1.0 to permit Mr. Nolet's appointment.

The Audit Committee also recommends the Board of Trustees defer discussions and possible actions related to Policy 15.1.0 until the Audit Committee completes its review and submits their recommendations for potential revisions to the Board of Trustees for their consideration.

### **II. BACKGROUND**

At the Board of Trustees meeting of June 9 2021, Trustee Matthew Dent resigned from his position as Chair of the Audit Committee. At the Board of Trustees meeting of June 9, 2021, only one Trustee accepted the appointment to serve on the Audit Committee leaving one vacant seat on the Audit Committee. Board Policy 15.1.0, attached hereto, states the following:

**ORGANIZATION:** The Committee shall consist of five (5) voting members. This includes two Board appointed Trustees and three Board appointed qualified At-Large Members. The Committee can be expanded to an odd number. Recommendations for expanding the number of voting members will be approved by the Committee and submitted to the Board of Trustees for approval. The Committee is to retain a financial advisor, potentially a resource from the external audit firm, to attend meetings, provide guidance and training, as needed.

Presently, this puts the Audit Committee out of compliance with the Board policy. On June 29, 2021, Trustee Schmitz held an Audit Committee at which Audit Committee At-

Large Member Ray Tulloch was elected as Chair. His term began June 29, 2021 and will end June 30, 2022. At this same meeting, Audit Committee At-Large Member Cliff Dobler clarified that the Audit Committee is out of compliance with Board Policy and that the Board of Trustees needed to be made aware of that fact as it is the duty of the Board to comply with District Policies.

Therefore, the Audit Committee discussed and put forth the recommendation to appoint Mr. Nolet to fill the vacancy.

In addition, the Audit Committee is placing on its next agenda a review of Policy 15.1.0 in an effort to make recommendations to the Board of Trustees for improvements. After the initial year of the new policy, the Audit Committee has learned a great deal and would like to refine the Policy for the Board's consideration. The goal is to have revisions submitted for the Board's review at their meeting in August.

### III. **ALTERNATIVES**

1. Appoint a second Trustee to serve on the Audit Committee.
2. Make modifications to Policy 15.1.0 without input from the Audit Committee. The Audit Committee has been working diligently over the past year to work within the Policy and fulfill their duties and responsibilities. With a new external audit firm selected and with the Audit Committee's experience in reviewing the 2020 Comprehensive Annual Financial Report, the Audit Committee has learned a great deal and would like the opportunity to include suggested improvements to the Policy for the Board's consideration. This would also enable the Board to incorporate the insights and process improvements identified by the Audit Committee to support the District's goals of improving transparency and community involvement.