

B O A R D M E M O R A N D U M

TO: Board of Trustees

FROM: Audit Committee
Phil Horan, Kendra Wong and Peter Morris

SUBJECT: Annual Status Report to the IVGID Board of Trustees relative to the Audit Committee Activities for 2017.

DATE: January 24, 2018

Matters Relating to the Fiscal Year Ended June 30, 2017:

1. The Audit Committee met December 14, 2016 to ratify the selection of the District's auditor for the year ending June 30, 2017. The Board of Trustees approved that appointment and the State was informed of the designation of the auditor according to Statute.
2. The Audit Committee, followed by an agenda item for the Board of Trustees, acted on May 10, 2017 to receive a reissued Comprehensive Annual Audit Report (CAFR) for the fiscal Year Ending June 30, 2016. The Committee's discussion included reviewing staff's plan to address the internal control issue for a second review of the CAFR to be applied to the audit for June 30, 2017 and thereafter.
3. The Committee met September 13 and November 15 to review revisions to Policy 15.1.0 which governs the Audit Committee. This process considered public comments. The process resulted in final revisions to clarify issues making the Policy more relevant to current practice, over when it was first established in 2009. The Committee and the Board approved the update to Policy 15.1.0 effective November 15, 2017.
4. Audit Committee members have had access to correspondence addressed to the Board of Trustees, which is included in their Agenda Packets. Several of these items referred to audit and financial reporting issues. The Audit Committee Chair discussed the consideration of this correspondence with the Audit Engagement Partner during the September 2017 Fieldwork. The Audit Engagement Partner indicated no further action was deemed necessary.

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5. The CAFR for the fiscal year ending June 30, 2017 was received November 29 by District staff, and was distributed through the Agenda Packet for the December 13, 2017 meetings. The Independent Auditor's Report is Unmodified. Further their Report on Internal Control and Compliance has no items to report. The Auditor's Comments indicate the finding for the year ended June 30, 2016 has been corrected. The Committee and the Board accepted the June 30, 2017 CAFR and had it distributed as required by Statute.
6. At the December 13 meeting, the Committee received the Independent Auditor's letter on professional responsibility. This sometimes is called the communication with those charged with governance. It is addressed to the Committee and is intended solely for the Audit Committee, the Board of Trustees and management. All Trustees received a copy of this letter.

Other Matters Going Forward:

1. The discussion on September 13 included identifying ways to provide resources to the Audit Committee and Trustees about the audit process and government financial reporting. Staff suggested the use of Government Finance Officers Association (GFOA) publications. Staff ordered several GFOA publications for use by Trustees and the Committee. Topics include Government Financial Statements, Internal Controls and Audit Committee Guidance. The materials have been placed by the Trustee mail box in the Admin Building.
2. With the revision of Policy 15.1.0, the Audit Chair ask staff to propose a method to identify and tract correspondence or other contacts that might be made to the Audit Committee outside of process for Board of Trustee correspondence. Staff recommended the establishment of an email account through ivgid.org specifically for the Audit Committee. This accounts allows the receipt to be date and time stamped, and provide a ready method for tracking responses, referrals of these contacts, as well as any resolution. The email account is administered by the District Clerk and accessible by the Audit Committee members.

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3. The Committee asked Senior Staff to clearly communicate to all staff, the invitation for confidential communication with the Audit Committee. A special section has been established on the District's Staff Intranet that presents the Policy 15.1.0 and provides the Audit Chair's and Committee Members contact information.
4. For the sake of efficiency the Audit Committee ratified the designation of Eide Bailly, LLP for approval by the Board of Trustees, for the fiscal year ending June 30, 2018, for the December 13, 2017 meetings. The Committee also discussed considering the question of auditor rotation at the end of the current five year agreement in 2020.
5. The Audit Committee initiated exploring a whistleblower process, to be added to the IVGID Code or other Policy documents. It is possible the District may refer to the provisions set and administered by the State of Nevada for their employees.