

AUDIT SUB-COMMITTEE MEETING

SWEETWATER UNION HIGH SCHOOL DISTRICT  
BOARD OF TRUSTEES

ADOPTED MINUTES

2:00 p.m.

January 23, 2013

|                                 |                  |                                |                  |                  |
|---------------------------------|------------------|--------------------------------|------------------|------------------|
| Board: Jim Cartmill             | •Bertha J. López | • John McCann                  | • Pearl Quiñones | •Arlie N. Ricasa |
| Superintendent: Edward M. Brand |                  | •Student Board Representative: | Rubi Rivera      |                  |

Order of Business

I. CALL TO ORDER

Rick Knott called the meeting of the Audit Sub-Committee to order at 12:05 p.m. In attendance were Jim Cartmill, board president, and Arlie N. Ricasa, board vice president. Also in attendance was Frances Martinez, district auditor.

II. PUBLIC COMMUNICATION

None.

III. ITEMS FOR DISCUSSION

1. EVALUATION AND SELECTION OF FINANCIAL AUDIT FIRM

1. Process for Selection of Audit Firm

• Request For Proposals

Rick Knott informed the committee that the district mailed out Requests for Proposals ("RFP") to certified public accountants and received responses from three (3) accounting firms that have experience with school district accounting. He added that there are a limited number of CPA firms that conduct public school district audits in California as it's a specialty industry that requires certain certifications from the state. Rick Knott stated that he is familiar with all three firms and mentioned that they are heavily engaged in the Southern California areas, all three have good reputations, and the prices vary. He stated that the firm that came out number one (1) was in the middle with regard to price, and they are the largest as far as staffing and number of clients. He stated that their client list reflected the most of larger school districts, as larger school districts differ in knowledge and application from smaller school districts. Mr. Cartmill added that because it's professional services, we are not bound by the lowest bid. Rick Knott continued to inform the committee that the district has followed the practice that we will select a firm and they will be the firm for three (3) years. He stated that this year, Christy White's firm is rotating out of the cycle, and in three years they could be in the group to respond to a new RFP. He further stated that their contract for the Prop O Performance Audit is for one year. Vavrinek, Trine, Day & Co was unanimously chosen and recommended to the board to be awarded the contract for the next three-year period.

## 2. PRESENTATION OF 2012 AUDIT REPORT

### 1. Christy White's 2012 Audit Report

- Rick Knott informed the committee that the 2012 Audited Financials Report has been on the district web site for approximately ten days. He mentioned that since the start of the budget development there have been questions raised with regards to Mello-Roos, and consequently, we have established the practice of putting as much information on the website as possible so that the larger community could have access to it.
- Mr. Knott provided a cover memo along with a hard copy of the June 30, 2012, Audited Financials Report to Mr. Cartmill and Ms. Ricasa. He stated that Ed Code requires the board of trustees accept the report prior to January 31, and that the report is scheduled as Board Agenda Item K-4 for the Monday, January 28, 2013, Board Meeting. Rick Knott asked in the memo to the board of trustees that if they have any questions or concerns they would like addressed prior to the board meeting, to please e-mail him so that he can prepare an answer and give a written response to the entire board or get back to them letting them know he needs a couple more days to provide an answer.
- Mr. Knott informed the committee that Internal Auditor Frances Martinez put together, as well as provided as a handout, a brief explanation of some of the terms that you see from the auditor's summary. He stated as an example "unqualified vs. qualified" Opinion: An "unqualified" rating is better than a "qualified rating", and "Material Weakness" or "Significant Deficiencies": A "significant deficiency" is less severe than a "material weakness". Mr. Knott pointed out the findings on Associated Student Bodies explaining that this has been addressed in the past and dealt with. Rick Knott added that we have provided training and tools and staff will be examining other options to address this matter.
- Mr. Cartmill asked Mr. Knott how, from his experience, does this report measure up. Mr. Knott responded that this is a good report, and that in combination with the five months that he has been at the district it might reflect the fact that some of the cuts went too deep, and that staff is currently thin.

## IV. ADJOURNMENT

The meeting was adjourned at 12:20 p.m.

Approved: \_\_\_\_\_

  
Deanne Vicedo  
Clerk of the Board