

ACTA Audit Committee Meeting
Long Beach City College
November 15, 2019
2:30 p.m.

Members present:

Janice Hahn, Los Angeles County (LACMTA) – presided as Chair
Duane Kenagy, (POLB)

Listening Via Telephone (non-voting):

Ed Renwick, (POLA)

Also present:

John T. Doherty, ACTA, Chief Executive Officer
James P. Preusch, ACTA, Chief Financial Officer
Heather McCloskey, Los Angeles Deputy City Attorney, ACTA Co-General Counsel
Marla Bleavins, POLA, Deputy Executive Director and Chief Financial Officer, ACTA Treasurer
Maria Melendres, ACTA, Board Secretary
Trang Nguyen, ACTA, Principal Accountant
April See, ACTA, Controller
Olga Darlington, Partner, Moss Adams LLP
(other unidentified members of the public)

Roll Call

Member Hahn called the meeting to order at 2:32 p.m.

Opening statement

The opening statement was read by Member Hahn.

Approval of the Minutes

Mr. Kenagy moved to approve the minutes of the December 13, 2018 meeting, seconded by Member Hahn. Carried by the following vote:

AYES: Hahn, Kenagy
ABSTAIN:
NOES:
ABSENT: Renwick

Audit Committee Agenda

ITEM 2 – Moss Adams discussion of Audited Financial Statements for FYE June 30, 2019 and Single Audit

- Ms. Olga Darlington, Partner for Moss Adams LLP (Moss Adams) presented the 2019 Audit Results, including the Auditor Report on the Financial Statements and Single Audit Reports.

Auditor Opinions and Reports

- Ms. Darlington stated that on the audit report dated October 30, 2019, an unmodified opinion on the financial statements was issued. The financial statements were presented fairly and in accordance with US GAAP.
- In addition, she stated the following concerning the Single Audit Reports: 1) for the GAGAS Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, she indicated there were no financial reporting findings or compliance findings; and 2) for Report on Compliance with Requirements that could have a Direct and Material Effect on Major Federal Programs and on Internal Control Over Compliance in accordance with Uniform Guidance for Federal Awards (2 CFR Part 200), she also indicated there were no control findings or compliance findings.

Communication with Those Charged with Governance

- Ms. Darlington stated that the audit was focused on several areas that are considered high risk, which include: managements estimates; revenue recognition; and debt activity.
- Ms. Darlington stated that the audit plan was carried out as designed in May 2019. Electronic documentation was provided to the Board in June 2019. There were no modifications in the audit plan.
- In regards to new accounting policies, Ms. Darlington stated that the new pronouncements issued by GASB in 2019 were not significantly applicable to the organization. There are no big changes to the financial statements.
- Ms. Darlington added that management provided certain representations, specifically related to management estimates to affirm that the financial information is complete and accurate and that there is no knowledge of fraud.
- In addition, Ms. Darlington stated that there were no audit adjustments corrected or uncorrected. Managements has good handle and process in putting the information together.
- Ms. Darlington stated that there were no disagreements over application of accounting standards.
- Ms. Darlington added that they did not find any indication of fraud during the audit.
- Ms. Darlington concluded by highlighting two upcoming accounting pronouncements to be implemented in the next few years by GASB.

- Committee Member Kenagy thanked Moss Adams for the presentation.
- Mr. Preusch asked Ms. Darlington to provide information to the Committee regarding GASB 68 and GASB 75.
- Ms. Darlington stated GASB 68 and GASB 75 are two big standards that have been implemented and have an impact on the financial statements. GASB 68 is reporting for pensions and GASB 75 is reporting for other post-employee benefits. Most organizations hire a third-party actuary to assist in complying with the reporting of these two standards. Moss Adams relies on these reports.

ITEM 3 – Review of Completed Audits

- Mr. Preusch provided a summary of the completed audits.
- Mr. Doherty added an explanation of why there is overbilling and underbilling due to an audit.

ITEM 4 – FY 2020-2021 Audit Plan

- Mr. Preusch provided the Committee an Updated Audit Plan for the FY 2020-2021.

Member Kenagy recommended that the FY 2020-21 be approved as submitted, seconded by Supervisor Hahn. Carried by the following vote:

YES: Hahn, Kenagy
 NOES:
 ABSENT: Renwick

ITEM 5 – Amendment No. 1 to Agreement No. C0864- BCA Watson Rice-Western Region, LLP

- Mr. Preusch discussed both Items 5 & 6 together and asked that the vote be done separately. Both are approvals for recommendations to the ACTA Governing Board to extend audit agreements.
- Mr. Preusch stated that Item 5 is the approval to recommend to the Governing Board approval of Amendment No. 1 to Agreement No. C0864 with BCA Watson Rice-Western Region, LLP for Internal Audit Services, which will extend the term for three years through June 30, 2023 and add \$250,000 to the contract value. He added that Item 6 is the approval to recommend to the Governing Board approval of Amendment No. 3 to Agreement No. C0855 Moss Adams LLP for independent audit services, which will extend the term for five years through April 30, 2025 and add \$475,960 to the contract value.
- Chair Hahn asked why one was a three-year extension but the other a five-year extension. Mr. Preusch stated that the agreements were initially executed with these extensions. He added that the internal audit was a simpler audit and that the independent audit required a full financial audit.

Member Kenagy motioned that Item 5 be recommended to the ACTA Governing Board for approval, seconded by Supervisor Hahn. Carried by the following vote:

YES: Hahn, Kenagy
 NOES:
 ABSENT: Renwick

ITEM 6 – Amendment No. 3 to Agreement No. C0855- Moss Adams LLP

Member Kenagy motioned that Item 6 be recommended to the ACTA Governing Board for approval, seconded by Supervisor Hahn. Carried by the following vote:

YES: Hahn, Kenagy

NOES:

ABSENT: Renwick

ITEM 7 – Public Comment

No members of the public addressed the Committee.

ITEM 8 – Adjournment

The Audit Committee meeting was adjourned at 2:57 p.m.