CUPERTINO

MINUTES
AUDIT COMMITTEE
Monday, April 27, 2026

At 1:00 p.m. Chair Eno Schmidt called the regular Audit Committee meeting to order at the Quinlan Conference Room, 10185 North Stelling Road and via teleconference.

ROLL CALL

Present: Chair Eno Schmidt, Vice Chair Hanyan Wu, Mayor Kitty Moore, Committee Member William Wong. Absent: Councilmember R "Ray" Wang.

POSTPONEMENTS – None

ORAL COMMUNICATIONS – None

CONSENT

Chair Schmidt opened the public comment period, and seeing no one, closed the public comment period.

MOTION: Moore moved and Wu seconded to approve all consent items. The motion carried with the following vote: Ayes: Schmidt, Wu, Moore, Wong. Noes: None. Abstain: None. Absent: Wang.

1. <u>Subject:</u> Approval of January 26, 2026 Audit Committee meeting minutes
Recommended Action: Approval of January 26, 2026 Audit Committee meeting Minutes

2. <u>Subject:</u> Receive OPEB & Pension Section 115 Trust Performance Report for Quarter Ending March 31, 2026 and forward to City Council
<u>Recommended Action:</u> Receive OPEB & Pension Section 115 Trust Performance Report for Quarter Ending March 31, 2026 and forward to City Council
Presenter: PARS and US Bank

3. <u>Subject:</u> Receive the Treasurer's Investment Report for the Quarter Ending March 31, 2026
<u>Recommended Action:</u> Receive the Treasurer's Investment Report for the Quarter Ending March 31, 2026 and forward to City Council

Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and Chandler Asset Management

Committee members asked questions which Investment Pool Strategist at Chandler Asset Management Carlos Oblites and staff responded to.

NEW BUSINESS

4. Subject: INFORMATIONAL ITEM Receive the Internal Audit and Fraud, Waste, and Abuse programs update
Recommended Action: Receive the Internal Audit and Fraud, Waste, and Abuse programs update
Presenter: Baker Tilly
4:00(15)

Written Communications included a report.

Baker Tilly Director Chelsea Ritchie gave a report.

Committee members asked questions which the presenter and staff responded to.

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

The Committee received the report.

5. Subject: INFORMATIONAL ITEM Receive City Council Policy Review Final Report
Recommended Action: Receive City Council Policy Review Final Report
Presenter: Baker Tilly
4:15(15)

Written Communications included a report.

Baker Tilly Director Annie Rose Favreau gave a report.

Committee members asked questions which the presenter responded to.

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

MOTION: Moore moved and Wong seconded that they received the report, with points of emphasis to include the disciplinary element and attendance of council members in regard to their Committee assignments. The motion carried with the following vote: Ayes: Schmidt, Wu, Moore, Wong. Noes: None. Abstain: None. Absent: Wang.

6. Subject: ACTION ITEM Annual Review of the City's Investment Policy
Recommended Action: Receive Updated City's Investment Policy and forward to City Council for Adoption
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and Chandler
4:30(15)

Written communications included a report.

Acting Director of Administrative Services Jonathan Orozco and Senior Portfolio and Investment Pool Strategist at Chandler Asset Management Carlos Oblites gave a verbal report.

Chair Schmidt opened the public comment period and, seeing no one, closed the public comment period.

MOTION: Moore moved and Wu seconded to accept and forward the redline version to City Council for approval. The motion carried with the following vote: Ayes: Schmidt, Wu, Moore, Wong. Noes: None. Abstain: None. Absent: Wang.

7. Subject: INFORMATIONAL ITEM Receive the Single Audit and Agreed Upon Procedures (AUP) Reviews - GANN Limit, Investment Policy, Storm Drain
Recommended Action: Receive the Single Audit and Agreed Upon Procedures (AUP) Reviews - GANN Limit, Investment Policy, Storm Drain
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer, and The Pun Group
4:45(15)

Written Communications included a report.

Pun Group representatives Sophia Kuo and Mark Hu gave a verbal report.

Committee members asked questions which the presenters and staff responded to.

The Committee received the report.

8. Subject: ACTION ITEM Discuss amendments to Audit Committee Duties, Powers, and

Responsibilities
Recommended Action: Receive the presentation and provide feedback on proposed amendments to the Audit Committee's duties, powers, and responsibilities, including potential changes to meeting frequency and expanded financial oversight.
Presenter: Jonathan Orozco, Finance Manager
5:00(30)
Staff Report

Acting Director of Administrative Services Jonathan Orozco introduced the item.

Committee members asked questions which staff responded to.

Chair Schmidt opened the public comment period, and seeing no one, closed the public comment period.

MOTION: Schmidt moved and Moore seconded to retain the three original motions by the Audit Committee: to change the name of the Committee, clarification on oversight of internal audit reports and the use of artificial intelligence as the tool for financial reporting. In addition, not to change the meeting requirements as set by municipal code, and the request of additional appropriations for additional projects as set at a future date per recommendation in July. The motion carried with the following vote: Ayes: Schmidt, Wu, **Moore,** Wong. Noes: None. Abstain: None. Absent: W**a**ng.

9. Subject: INFORMATIONAL ITEM Receive the proposed Audit Committee 2026 Schedule and Workplan
Recommended Action: Receive the proposed Audit Committee 2026 Schedule and Workplan
Presenter: Jonathan Orozco, Acting Director of Administrative Services and City Treasurer
5:30 (5)

Written Communications included a report.

Committee members asked questions and made comments, which Acting Director of Administrative Services Jonathan Orozco responded to.

STAFF AND COMMITTEE REPORTS – None.

COMMITTEEMEMBER ATTENDANCE AT UPCOMING MEETINGS AND EVENTS – None.

FUTURE AGENDA SETTING – None.

ADJOURNMENT

At 5:59 p.m. Chair Schmidt adjourned the regular Audit Committee meeting.

Minutes prepared by:

Lindsay Nelson, Administrative Assistant