

## Standard Work Plan for Audit Committee - 2019

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Version: 1.22.2018 - Revised

<b>January Regular Meeting 01.22.19</b>	<b>February Special Meeting 02.26.18</b>	<b>April Regular Meeting 04.23.19</b>	<b>July Regular Meeting 07.23.19</b>	<b>October Regular Meeting 10.22.19</b>
Treasurer's Report	FY 2017-18 CAFR Draft Review	Treasurer's Report	Treasurer's Report	Treasurer's Report
Alleged Embezzlement Follow-up	Results from forensic internal control review and management's response	OPEB & Pension Section 115 Trust Performance Report	OPEB & Pension Section 115 Trust Performance Report	CAFR and AUP – draft review/update
Asset Management Module: Operational Integration of City's Capital Assets		Annual reviews of City Investment Policy and of OPEB Trust Investment Policy	Interim report on CAFR and AUP by independent auditor	OPEB & Pension Section 115 Trust Performance Report
Audit Committee Proposed Standard Work Plan 2019		PARS Annual Presentation on Retiree Health Trust Performance	Budget Format Review	
		Audit Committee provides independent auditor input on interim audit and AUP steps.	MOIC from Previous Year (FY2017-18): Management's Responses – current status	
		Chandler Asset Management Implementation		

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### **Summary of Duties – Powers – Responsibilities of Cupertino Audit Committee**

#### **Source: Cupertino, CA Municipal Code, Chapter 2.88.100: Audit Committee**

The powers and functions of the Audit Committee shall be as follows:

- A: To review the annual audit report and management letter;
- B: To recommend appointment of auditors;
- C: To review the monthly Treasurer's report;
- D: To recommend a budget format;
- E: To review City investment policies and internal controls of such policies.

#### **Source: City of Cupertino, Investment Policy, June 5, 2018**

PERFORMANCE EVALUATION p3 "...Investment performance statistics and activity reports are generated on a quarterly basis for presentation to the oversight (audit) committee, City Manager and City Council..."

OVERSIGHT COMMITTEE p4 "An audit committee consisting of appropriate internal and external members, appointed by the City Council, shall be established to provide general oversight and direction concerning the policy related to management of the City's investment pool and OPEB trust. The City Treasurer shall serve in a staff and advisory capacity. The committee shall meet at least quarterly to review policy changes, new legislation and portfolio status."

SAFEKEEPING OF SECURITIES p4 "...In order to verify investment holdings, an external auditor, on an annual basis, shall independently verify securities held in custody for the City."

INTERNAL CONTROL p5 "...An annual agreed-upon procedures engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants shall be conducted by an auditor solely to assist management in determining the City's compliance with this investment policy. At the conclusion of such engagement, the agreed-upon procedures report detailing all procedures performed and findings noted (if applicable) shall be provided to the Audit Committee of the City."

#### **Source: City of Cupertino OPEB Trust, Investment Policy Statement, June 5, 2018**

##### CITY OF CUPERTINO AUDIT COMMITTEE p4

- a) Establish, approve, and maintain investment objectives, guidelines, and policies (including this Policy).
- b) Appoint Investment Managers who can be reasonably expected to adhere to the investment guidelines and meet the investment objectives as established.
- c) Monitor the investment performance of the Portfolio and compare actual investment performance relative to an appropriate benchmark index given the stated investment guidelines and objectives set forth in this Policy.
- d) Conduct a formal review of the Portfolio's asset allocation, investment structure and performance annually or more frequently as the need arises.

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e) Periodically review the Portfolio performance against objectives.

INVESTMENT POLICY STATEMENT REVIEW p5 “The City’s Audit Committee will review [and the Cupertino City Council will adopt] this Investment Policy Statement at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same.”

**Source: Resolution No. 18-3944 City Council of the City of Cupertino, May 15, 2018**

“...WHEREAS, the City’s Audit Committee shall select the third-party administrator of the Program and oversee the Program...”