

City of Cupertino
Audit Committee
Special Meeting
March 13, 2017

1. CALL TO ORDER

At 4:03 p.m., Chairman Eno Schmidt called the meeting to order at Conference Room A, Cupertino City Hall, 10300 Torre Avenue, Cupertino CA 95014.

2. ROLL CALL

Committee Members Present: Chairman Eno Schmidt, Mark Zavislak, Peter Shin, Councilmember Steven Scharf, and Councilmember Rod Sinks

City Staff Present: Kristina Alfaro, Lisa Taitano, Beth Viajar, Mary Redwine, and David Brandt

Absent: None

Guests: Mark Wong, Partner, and Grace Zhang, Partner, of Maze and Associates. Kathy Lai, Partner, of Crowe Horwath was on the conference call.

3. APPROVAL OF MINUTES

Committee Member Zavislak moved to approve the February 27, 2017, meeting minutes. Committee Member Sinks seconded and the motion passed unanimously.

4. ORAL COMMUNICATIONS

5. NEW BUSINESS

A. Review and approve FY2015-16 draft CAFR and MOIC

Taitano provided an overview of the City's financial position and Mark Wong of Maze and Associates provided specific accounting treatments contained in the City's FY2015-16 Comprehensive Annual Financial Report. Wong then covered the four material weaknesses in the Memorandum of Internal Controls (MOIC). After extensive dialogue among committee members, City staff, and Wong and Zhang of Maze, Councilmember Sinks moved to accept FY2015-16 CAFR and MOIC subject to City management preparing and presenting a detailed plan to address and rectify the four material weaknesses contained in the MOIC to City Council in the April City Council meeting. Committee Member Shin seconded and the motion passed unanimously.

B. Approve Independent Analysis by Maze of internal controls over investments (AUP)

Wong reviewed the Independent Accountant's report on applying agreed-upon procedures on the City of Cupertino Investment Policy. Councilmember Sinks moved to approve the AUP. Committee Member Zavislak seconded and the motion passed unanimously.

C. Questions to external auditors listed in 10/13/2016 meeting minutes

Taitano prepared the list of questions from the committee with responses from the October 13, 2016, Audit Committee meeting. This was reviewed by Maze and Associates. No action was required.

6. ADJOURNMENT

Councilmember Scharf motioned to adjourn with the next scheduled meeting on April 17 at 4:00pm. Councilmember Sinks seconded with a unanimous approval at 5:56pm.



Mary Redwine
Recording Secretary