

City of Cupertino
Audit Committee
January 23, 2018

CALL TO ORDER

At 4:01p.m., Chairman Eno Schmidt called the meeting to order at Conference Room A, Cupertino City Hall, 10300 Torre Avenue, Cupertino CA 95014.

ROLL CALL

Committee Members Present: Chairman Eno Schmidt, Jim Luther, Council member Chang and Mayor Paul

City Staff Present: Kristina Alfaro, Zach Korach, Beth Viajar, and David Brandt

Absent: Mark Zavislak

Guests: Kathy Lai, Crowe Horwath

Chairman Schmidt warmly welcomed Mayor Paul and Council member Chang as previous members of the Committee and newly appointed for 2018. He also welcomed Zach Korach, who recently joined the City as Finance Manager.

APPROVAL OF MINUTES

Committee member Luther motioned to approve the October 23, 2017 meeting minutes, Council member Chang seconded and the motion passed with Mayor Paul abstaining.

ORAL COMMUNICATIONS

OLD BUSINESS

NEW BUSINESS

1. Review the Treasurer's Investment Report Quarter Ending December 2017

Korach gave a presentation of the quarter ending December 31, 2017 Treasurer's Investment Report to the committee. Kathy Lai of Crowe Horwath addressed Chairman Schmidt and the committee's inquiry regarding possible relevant liquidity ratios that could be added to the report. Lai responded that this kind of question has been asked by other cities and she did not know of any easy answer. As indicated in the Minutes of the October 23, 2017 meeting, City Staff will look into possible ratios or other information that can be added to the liquidity section of the Treasurer's Report and include this information as appropriate in the next Treasurer's Report. Council member Chang motioned to approve the report, committee member Luther seconded and the motion passed unanimously.

2. Review the FY2016-17 Draft CAFR

Korach provided an overview of the City's financial position as of June 30, 2017 and Kathy Lai of Crowe Horwath reviewed her firm's independent audit opinion issued in the City's FY2016-17 Comprehensive Annual Financial Report draft. Korach discussed management's responses to findings. After extensive dialog among

committee members, City staff, and Lai of Crowe and Horwath, 1) a special meeting in February was scheduled to conduct a final review and approval, and 2) City Staff agreed to provide to the Audit Committee at a future meeting in 2018 a) a review of the City's approach to integrating the approximate five modules developed by the City to interface with New World Systems (the City's ERP) and allow monthly bank reconciliations (reference MOIC 2017-002) and b) a review of the City's training policy being adopted and implemented in order to accomplish the training necessary for the proper identification and recording of capitalizable costs (reference MOIC 2017-003).

3. Review and Approve the Crowe Horwath AUP on Investment Policy

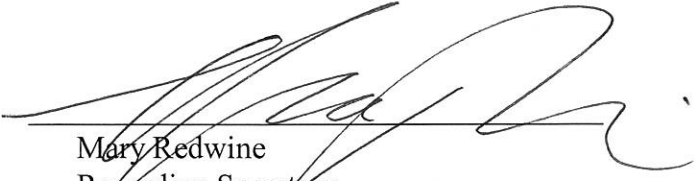
Lai reviewed the AUP and in regard to Procedure 10 will check why Duration was not included on the check list. Council member Chang motioned to approve, committee member Luther seconded and the motion passed unanimously.

4. Establish meeting date for February Special meeting

The committee chose to schedule a special meeting on February 15th at 4:00pm. Staff will try to post agenda and associated packet items to Legistar by February 8th and email the committee members the link once posted.

5. ADJOURNMENT

Chairman Schmidt adjourned the meeting at 5:50pm.



Mary Redwine
Recording Secretary