

Minutes
Clark County School District
Special Meeting of the Board of School Trustees
Audit Advisory Committee
Edward A. Greer Education Center, Board Room
2832 East Flamingo Road, Las Vegas, Nevada 89121

Thursday, February 27, 2025

9:00 a.m.

Roll Call: Members Present
Joshua Robinson, Chair
Elizabeth Hammer, Member
Maegan Hilton, Member
Joseph Throneberry, Member

Joshua Robinson:

That's the red button.

Good morning, everybody. This will be a 30-second countdown before the beginning of the meeting.

Good morning, everybody. It's Thursday, February 27th 2025, 9:00 AM. I welcome everyone in the room and who's watching online to the February Clark County School District Audit Advisory Committee meeting. My name is Joshua Robinson. I'm the chairperson of the Audit Advisory Committee. Before we begin, the Audit Advisory Committee acknowledges that the land in which we're gathering today is the territorial homeland of the Nuwu-the Moapa Band of Paiutes, and the Las Vegas Band of Paiutes.

Flag Salute

Joshua Robinson:

With that, we are going to transition right into the Pledge of Allegiance. I ask everyone in the room to please stand and face the flag.

Adopt Agenda

Motion to approve.

Motion: Throneberry Second: Hammer Vote: Unanimous

Motion passed.

Joshua Robinson:

Thank you. Item 1.02 of the agenda is the adoption of today's agenda. This is an action item, so I will seek any commentary from the members of the committee on today's agenda.

Joseph Throneberry:
Member Throneberry, in motion to approve.

Elizabeth Hammer:
Member Hammer, second the motion.

Joshua Robinson:
Thank you, members. All in favor, please say aye.

ALL:
Aye.

Joshua Robinson:
Anyone opposed, please say no. Okay, the ayes take it 4 to 0.

2.01 Approval of Minutes.

Discussion and possible action on the approval of the minutes from the meeting of September 27, 2023, is recommended. **(For Possible Action)** [Contact Person: Joshua Robinson] (Ref. 2.01)

Joshua Robinson:
With that, we'll move on to agenda item 2.01, which is approval of the minutes. This agenda item was intended to be approval of the minutes of the meeting from September of 2024. However, eagle-eyed member of the committee noted that the agenda minutes included on the board docs was actually from the meeting that took place on February 27th 2024. As a result of that, we are going to move on from this agenda item and take action on it at our next meeting when we get the proper meeting minutes from the September 2024 meeting into the board documents. Thank you for noting that, members, and we will go ahead and transition right onwards and we'll take care of that in the next meeting.

2.02 Update on the Clark County School District Internal Audit Department.

Presentation, discussion, and possible action on work performed by and the status of the Clark County School District Internal Audit Department for the current fiscal year, is recommended. **(For Possible Action)** [Contact Person: Janette Scott] (Ref. 2.02)

Motion to approve.
Motion: Throneberry Second: Hammer Vote: Unanimous
Motion passed.

Joshua Robinson:

Agenda item 2.02 is an update on the Clark County School District internal audit department. This item will be the presentation, discussion, and possible action on work performed by and the status of the Clark County School District Internal Audit Department for the current fiscal year. With that, I'm going to turn it over to Miss Janette Scott.

Janette Scott:

Okay, sorry. Mr. Chairman, members of the committee, Janette Scott for the record. The first thing that I want to go over with you is the audit plan update to show you where we are with our current fiscal year progress, and this is as of February 18th. Under the construction audits in progress, we are currently working on the contract procurement and compliance audit as well as real property management and both of those audits are in the test work phase or the field work phase. We did issue an operational audit of the energy management department, and that was issued January 10th. And then follow-ups for that area, we do have one follow up in progress and two follow-up reports that have been issued. As far as special requests or consulting projects, we haven't had any at this time. Then under the general fund, of course, we have our school audits, which are always ongoing.

From July 1 through February 18th, we did issue 88 reports and our charter school review for this year has been completed. And of note, this will be the last year that we actually do charter school reviews as the district no longer sponsors charter schools, so that will free up some hours for us going forward. For our department audits, under our technology and information system services, we are working on our inventory process for physical devices. That is a combination of general fund and bond fund, so I do have two auditors working on that. It's a very large audit. And the test work phase is almost complete, and they're in the process of drafting the audit points for it. Then we have our health services department audit, which did go out on February 19th, so that has been issued. And then food service, the cafeteria processes, the exit conference was held as of the 18th waiting for the response. We did receive that response and that report will be going out within the next day or so.

And then facility use and rentals, that preliminary survey actually has started. We were hoping to have that audit started earlier in the year, but we did delay it due to the changeover in school banking software. Because the person for facility use does work in school accounting as well, so we did delay that audit a bit due to that. Then, we have our district-wide procurement card review. That test work phase is in progress currently. And then our risk management, specifically claims management, that also was delayed a little bit. The anticipated start date for that is late third quarter, so we should be hopefully starting that soon. We did change that from an audit to a consulting project since risk management brought that process in-house, and so they are basically in the process of revamping their procedures for doing that kind of work in-house. So, we are going to consult with them and, hopefully, help them come up with some good procedures going forward with those kinds of things.

And then we did issue our internal assessment on September 12. Follow-ups, we have one follow-up in progress and one was issued. And then of course, our reviews are continually ongoing. Training is minimal at this point. And special requests, we issued three special request reports and

Janette Scott:

we do have one special request audit in progress. That is the status as of February 18th. Any questions on that that I can answer for you?

Joseph Throneberry:

Member Throneberry. If you can just cover in a little bit more detail the audit scope for inventory processes for the physical devices, what your scope of audit is for that.

Janette Scott:

That covered, I believe, '23 and '24 fiscal years. We are hoping to follow our physical devices cradle to grave, when they get ordered, come into the district, all the way through to when they are distributed to schools, if that's in fact where they go, to when they are retired. That's why it was such a big cumbersome audit. But I feel like they've really got a good handle on things, and so it should be a good report coming out soon.

Joseph Throneberry:

Thank you for the clarification on that. And then as the audits progressing, if devices are coming up, missing internal audits, working with management to make sure those devices have been remote wiped and no longer a security risk, cyber security risk-

Janette Scott:

Correct. That is all part of the scope of that as well.

Joseph Throneberry:

Thank you for the update.

Joshua Robinson:

Ms. Scott, thank you for the update. You mentioned the... I don't know if I want to call it change in scope, but perhaps change in position on the risk management and claims management audit, and change to consulting project is the term you use. That's actually an exciting update, and I'd like to dive into that a little bit more. When you think about your team doing audit work versus advisory style work, can you give us a better idea of what that mix looks like? And if there are other advisory projects that you might be able to share with us.

Janette Scott:

Yes. The last advisory project we did was with the grants department that had to do with the ESSER funds. And I do believe he got a copy of that, but they had asked for some help just to make sure that... specifically the time and effort reporting. They wanted some help with that to kind of see how they could get a handle on that to make sure it was being done appropriately, and what changes they need to make or it needed to make at the time. That was done about a year ago, I do believe. This project, like I said, the reason that we changed it was because risk management

Janette Scott:

obviously is having a big change in the way they do things. By bringing that process in-house, they will be hiring a few positions to do that. So, we just thought it was a good opportunity for us to actually work with them, and offer any advice or expertise that we might have in the internal control process when it comes to do that.

As far as the actual performance of the audit, a lot of it is very similar to how we perform a regular audit. Just probably, there won't be really an in-depth test work phase. We need a lot of people for preliminary survey and offering the advice and writing up a memo to complete that, but it's actually a very similar process.

Joshua Robinson:

Thanks for the update. I used the word exciting earlier because I think for many of us that are auditors in the room, we recognize the value that your team has beyond performing checklist audits or tick-the-box type of exercises. I know we've spoken about staffing and the extreme level of confidence you have on your team. Again, I remain excited that you have this opportunity, and I encourage you to continue to work with your stakeholders to further explore such opportunities. Thank you, Ms. Scott, for that update.

Elizabeth Hammer:

Member Hammer. You mentioned that there were three reports issued for special requests. Can you give us a little more detail on what those projects were related to and if there were any notable issues?

Janette Scott:

I'm sorry. Any what issues?

Elizabeth Hammer:

If there were any notable issues identified.

Janette Scott:

Two of the three were requests from principals at schools where they were fairly new to the position and had some concerns, kind of what they came into. They were pretty much... it was done as a normal school audit would be. We did dive in a little deeper to their specific areas of concern, but I can tell you that both of those reports, they were issued, I do believe, as priority reports where there were some things that we said, "Yeah, these areas need to be tightened up," and so we didn't want to just issue a normal report and not go back out in 3 years. Because as I have explained before, when we issue a report with an higher rating like that, it goes into an accelerated schedule and we will be back out within the next 9 to 12 months to follow up on those issues. And then a similar issue for the third school, it was a school that was having some concerns with their P-card purchases. So, we did go in and write a fairly lengthy report on how to help them tighten up those processes.

Elizabeth Hammer:

Thank you.

Joseph Throneberry:

Member Throneberry. You mentioned the P-card reports. Any continuous auditing in the works or planned for P-cards? Just to review that on a continuous basis within internal audit.

Janette Scott:

Member Throneberry, we do the P-card audits, of course, in every school audit that we do. We also do them with the majority of department audits. I can't say every department audit, it just kind of depends on the department and what we're looking at but with the majority of those that we do. Since we do not get out to very many department audits annually, every few years, about every 2 or 3 years, we will do a district-wide P-card audit, which is what we are currently doing now. And that is where we make it a point to look at departments that we have not been out to either in a while or that we have never been out to. But that being said, the accounting department, their P-card area, they do audits or review those transactions continuously for things like inappropriate vendors, high-purchase levels, those kinds of things. Ms. Bartholomew can correct me if I'm speaking out of turn, but they do monitor that stuff as best they can on a continuous basis.

Joseph Throneberry:

Thank you.

Joshua Robinson:

Ms. Scott provides this committee with periodic reporting on the status of projects in addition to feedback that her team gets from stakeholders that she audits, and that feedback always comes in glowing. So, I want to acknowledge Ms. Scott and her team for doing that. I touched on this a moment ago, but Ms. Scott, can you tell us a little bit... Obviously, executing this plan, getting to where you're at requires a number of labor hours and dedicated team members to make this happen. Can you give this committee a brief update? What does your headcount situation look like including the levels of those staff members please?

Janette Scott:

Absolutely. Our department currently is a total of 13. That includes me. I do have 9 general-funded auditors and two of those are at the senior level. I have senior-level auditors there and the rest are... Excuse me. Five are C3s and then I do have two C1s. When I say C, it's coordinator 3, coordinator 1. The coordinator 1 auditors, those are entry-level positions and those were created so that those people could focus strictly on our school audits, some of the more basic ones. When they came into the department, that position was created where they didn't necessarily have to have prior internal audit experience. Both of them do hold degrees, bachelor's degrees in finance and accounting, and they did have some accounting experience, both of them did when they came in. They have been in our department, I believe, almost two years now, and they've been doing a fantastic job getting those school audits out.

Janette Scott:

Both of them have expressed interest in obtaining a certification. One is interested in the CFE, certified fraud examiner, the other one wants to get their certified internal auditor. I'm very happy about that. They're doing great. Then, I have one 100% bond-funded auditor, C3. He does strictly bond-funded audits and construction audits. And then I have two split-funded auditors, both coordinator 3 levels. I did that so that they could do some cross-training between general fund projects and bond fund projects.

That's the 13 of us, aside from the coordinator ones, and then I have one coordinator 3 who's new to the department this year. Everybody else in my department does hold some sort of professional certification. The majority of them actually have more than one professional certification. The actual requirement for being a coordinator 3 in the department is 4 years of professional audit experience. The majority of my people have 10-plus years. They've all come from diverse backgrounds from not only the gaming control board, the federal government, some are from the casinos in town. But a wide variety of audit experience that they've been able to bring into the department and share their knowledge of how things are done, maybe a little bit differently in those areas, so that we can fine-tune our work, our audit plan.

Joshua Robinson:

Great. Ms. Scott, thank you for the update. I'd like to say that obviously your team is committed to professional developments and the certifications, and the quality of the work that I see your team put out as well as the responses from stakeholders prove as such, so thank you for that.

Janette Scott:

Thank you.

Joshua Robinson:

Member Throneberry.

Joseph Throneberry:

Member Throneberry. To share with our interim CFO's prior recommendations, at least for myself, that committee meetings was to encourage management and the board. I know resources are tight, but really I think it would be beneficial to the internal audit team for an IT auditor. And that obviously is going to be at one of your highest level roles, senior auditor roles, coordinator 3 at least. But I think that cyber experience, having that independent assurance to go in and look at IT issues, would be of extreme value for the CCSD's internal audit program. I wanted to reinforce that for Ms. Scott, as you look forward to continuing to build and develop your team and potentially have additional headcount.

Joshua Robinson:

Thank you, Ms. Scott. Thank you, members. Do we have any other questions for Ms. Scott on agenda item 2.02? Okay, hearing none. This item did require action, so I will seek action on

Joshua Robinson:

agenda item 2.02, which is the update on the Clark County School District internal audit department.

Joseph Throneberry:

Member Throneberry, motion to approve

Elizabeth Hammer:

Member Hammer, second the motion.

Joshua Robinson:

Thank you, members. All in favor, please say aye.

ALL:

Aye.

Joshua Robinson:

Anyone opposed, please say no. Ayes have it, 4 to 0. Thank you, members.

2.03 Information on EthicsPoint Incident Management System.

Information on the EthicsPoint Incident Management System. [Contact Person: Diane Bartholomew] (Ref. 2.03)

Joshua Robinson:

Moving on to agenda item 2.03. This is information on the EthicsPoint incident management system. For this item, we will be provided an update on the EthicsPoint incident management system. And for this, I'll turn it over to Ms. Diane Bartholomew.

Diane Bartholomew:

Good morning. Thank you. Mr. Chairman, committee members, Diane Bartholomew, interim CFO for the record. Again, as you mentioned, this is an informational item and I will ask Mr. Greathouse and Mr. Cole to provide their information.

Chris Greathouse:

Thank you, Mr. Chairman, members of the committee, Chris Greathouse. Before we introduce this, I'd like to introduce Cedric Cole. He's an assistant human resources officer who oversees my work and will be joining us in future meetings, so I'd like to welcome him here. The report you see in front of you is for the time period of July 26th of '24 through January 31st of '25. There are 117 total issues that were reported in the system. And of those, there were 5 that were of interest of this committee, which is the accounting, auditing, and internal financial controls. There is nothing to

Chris Greathouse:

review from the prior meeting as all of those cases were closed at that previous meeting. So to look at the cases that are under the accounting, auditing, and internal financial controls, there were 5 during this time period of the report. Just to give you a very high overview of those 5 reports and the outcome of them, we had case 747.

It was an allegation that a principal was misusing their club account funds. After that was sent to the region, the region sent us back and said it was unfounded and they closed out that case. We had case 753, which was an allegation that a teacher was getting paid to update the school's website. And they indicated that the website had not had any changes to it, and were questioning it. Region leadership looked at that, said it was unfounded and closed out that case. Case 755 is a case that kind of came back around to us. It was an allegation that shared funds were being used for personal benefit. It was interesting because we had received probably 3 or 4 previous concerns about that actual case more than 6 months ago, and that was investigated. We previously looked into that case, so it was kind of a repeat case for us. Just for the record to let everyone know, that one of the employees in that was a coach. They were released and another employee received a disciplinary document resulting from that case.

But it was just something that came up from the past. I don't know if somebody was just trying to stir the pot again or making sure that we actually did look into it. And then case 758, this reporter was actually requesting public records. So what we do when that happens, when it's kind of outside of the scope of EthicsPoint, we send them a message, refer them to the correct department. In this case, we refer them to the district's public records department. And then the last case that they indicated, this heading was case 789, the reporter was complaining there was no allegations. There was nothing more than them just kind of venting and complaining that the district was purchasing cell phone covers, that they put a new fence around the Flamingo building here, and wanted to know if there was safety and security concerns in the district. There was really nothing to investigate with that entry. Those were the cases where individuals had chosen the dropdown accounting, auditing, and internal financial controls outcomes of these cases.

Joseph Throneberry:

Member Throneberry, just for clarification. On the case that you indicated was a revisit, we had to revisit the case. You had mentioned there was a separation and then a discipline on that. Was that based on the second investigation or the first investigation?

Chris Greathouse:

It was on the first. There was no need to do a second investigation because it was very clear with what the reporter had put, that it was exactly the same as what was reported the first time.

Joseph Throneberry:

And that had already been resolved.

Chris Greathouse:

Correct.

Joseph Throneberry:

And then out of the 117, do we know, for an example, how many of these in total have exceeded or are still under investigation or haven't been closed out, either unfounded, substantiated/unsubstantiated that are past 120 days?

Chris Greathouse:

I have an analyst in the department that continuously works on the open cases and reaching back out to make sure we're doing follow-through with who the report is sent to. I don't have the data in front of me, but I can say she sends me a monthly report. And I recall the last one that I got, there was less than 8 cases, I want to say 4, that were still open and we had not heard back from who the report was sent to in the district to handle. We are very on top of them.

Joseph Throneberry:

That's good. It's great to hear. And then with that, if there are repeat issues such as the one here, how are we seeing repeat issues? And if so, what additional oversight are we given or is being given on those cases so that, let's say, someone in the field isn't just closing out cases without that thorough investigation? What review process do we have to make sure that when a case is closed it was adequately investigated?

Chris Greathouse:

Our current policy is when an EthicsPoint comes in, we determine who it needs to go to, be it a region level person, a district department level supervisor or to a school site principal, in most cases, for schools. In that directive to them with the attachment of the EthicsPoint, it tells them that they are to investigate it as any other investigation. If they find in their initial investigation that there is something of misconduct, they're directed to come to our department to reach back out to our department, so we can then open it up as a disciplinary case and then follow through. The mean majority of EthicsPoint cases come back to us as unfounded, not able to investigate because not enough information, even after we've reached out to the person reported trying to gather more information and gotten nothing more following that. But the majority of them do not come back through to us. As this was founded, we need to work with EMR and run through this as a disciplinary issue.

Joseph Throneberry:

Thank you for the update.

Joshua Robinson:

Thank you, Mr. Greathouse, for the update. I think this is the third, maybe fourth year, in a row that you provided us this update, and we really appreciate the insight into your process. Forgive me if

Joshua Robinson:

my memory's bad, but I think a couple of years ago, you'd mentioned that you're having challenges with getting duplicate cases. That made it appear as if there was a lot of individual unique cases when in fact that wasn't truly the stance. Can you give us an update on how that's been going, maybe reporting, or if these numbers reflect such duplicates or not?

Chris Greathouse:

Yes, I can. That was a unique year. We did have a lot of... I'd say three or four individuals that were just bombarding the system, "Repeat, repeat, same thing. Let me do the next dropdown, next dropdown," and the language was the same. I haven't seen that occur since that time period. We did work with EthicsPoint so that we could have a way to mark a case, if it was a duplicate, without increasing the fee and having them build something special. We just have, instead of... we have different statuses. You have a status that it's a brand new case, you have a status that we are reviewing it, a status that is closed. They added a status for us that was called duplicate, so when the duplicate comes through... I'm the one personally, myself and another director, 3 in my department when I'm out. I personally look at every single case that comes into the system and then tell the analysts who it needs to go to.

When I look at it, I can reference it. Usually, duplicates come in very back to back, not like there's a very long time span, so I can see very quickly, "Oh, this is a very mere duplicate." When we click the dropdown now that says duplicate, it automatically closes that report out. And then on the back end, if I need to know how many I had during a time period. I can't do it through the reporting feature because the reporting feature is very, very limited in this system, but I can go in and filter. I can filter statuses and say, "Okay. I need all the statuses of duplicate," and then I can manually say, "Okay, 1, 2, 3. Okay, I have 10." But since that meeting, I think I've hit that button one time.

Joshua Robinson:

Great. Thank you, Mr. Greathouse. Are there any other questions for Mr. Greathouse or Mr. Cole in regards to this update? Okay. Thank you again, you two, for your continued efforts in this space. Agenda item 2.03 was just an informational item, so we do not have to take any action on that.

2.04 Review of the Independence and Qualifications of the Clark County School District's Independent External Auditor.

Discussion and possible action regarding the independence of the Clark County School District's external auditor Eide Bailly LLP, the rotation of audit partners, and the qualifications and experience of the senior members of the external audit engagement team, is recommended. **(For Possible Action)** [Contact Person: Diane Bartholomew] (Ref. 2.04)

Motion to approve.

Motion: Hammer Second: Hilton Vote: Unanimous

Motion passed.

Joshua Robinson:

With that in mind, we'll continue on to agenda item 2.04, which is review the independence and qualifications of Clark County School District's independent external auditor. This item will be the discussion and possible action regarding the independence of the Clark County School District's external auditor, Eide Bailly LLP, the rotation of audit partners, and the qualifications and experience of the senior members of the external audit engagement team. For this one, I'll turn it back over to Ms. Diane Bartholomew.

Diane Bartholomew:

Mr. Chairman, thank you. Diane Bartholomew for the record. We do have Eide Bailly with us today in the house. The relevant letter and information has been submitted as reference material to the committee. Eide Bailly, they are a nationally-recognized, certified public accounting, independent auditing firm. Eide Bailly has been the primary auditor for the district for a number of years. This may be some concern to the layman. However, those of you on the board would know, this is a very standard practice in the industry. The firm has processes in place to ensure that different members of the firm are reviewing the financial statements and operations of the district. They are also required to have a second concurring partner, I think is the term, available for review. With that, I'll take any questions, and if you'd like to ask Mr. Schlicker questions as well.

Joseph Throneberry:

Member Throneberry. Just for those watching and any public in attendance, if we could have Kurt introduce himself to the group and community.

Diane Bartholomew:

Of course.

Kurt Schlicker:

Thank you, Member Throneberry. Kurt Schlicker, partner with Eide Bailly for the record. I've started my career back in 2011. Every year is passing, so 14 years. I spent 100% of my time auditing governments. I know I've said this before to the committee, but that's still true. I don't audit casinos. I don't audit nonprofits. 100% of my time and effort is in government. Eide Bailly as a firm, just to give you a little bit of background in case you're curious. We audit over 40 governments in Nevada so, by far, the most significant government experience. Well, in the country because Nevada. But we have over 1,200 governmental clients as a firm, and government's our largest niche. It's what we do, it's what we specialize in, and that's what I spend 100% of my time in either auditing or consulting. I probably am 70/30 split between audit and consulting. It's a passion for me, and it's what I enjoy doing. It's a pleasure to be here, and I'm always proud and happy to serve the district any way I can. Thank you.

Joseph Throneberry:

Thank you.

Joshua Robinson:

Thank you, Mr. Schlicker. It's nice to see you again. If my memory serves me, which it often doesn't, you live in Reno, so thank you for visiting us in Southern Nevada today. Can you tell us a little bit about your team's presence here in Southern Nevada and those that are serving the district, please?

Kurt Schlicker:

Thank you again, Chair Kurt Schlicker, for the record. Our firm is... We kind of organize a little bit by region, and we kind of define offices a little bit by region. We have 3 Nevada offices in Reno, Elko, and Las Vegas. And we do kind of regional scheduling where we pool those resources to serve our Nevada clients. The school district in particular is served primarily by staff and managers from the Las Vegas office. In fact, this last year, every single member of the engagement team other than me lives here in Las Vegas. Our Vegas office has, I don't have the exact number but roughly, 25-ish auditors in the Vegas office. Our Reno office is closer to 80, so our Reno office is a larger audit office.

Again, because we kind of do those regional resources, we pool the resources, look who's best for the engagement team. But yes, the audit is staffed almost 100% locally with the exception of myself from Reno. And then, I fly down every single week during the audit engagement. As you can tell from in the reference material, I do have other Southern Nevada clients, and so I fly down every week. I spent a day at each client, but on a weekly basis, so I'm usually here for maybe 5 weeks in a row during the audit process.

Joshua Robinson:

Thank you, Mr. Schlicker. Appreciate your dedication and commitment to the district's engagement as well. Do any other members of the committee have any questions for Mr. Schlicker or Ms. Bartholomew?

Elizabeth Hammer:

I have a question. I believe you've been the engagement partner since I've been on the committee for the past 2 years. If I remember correctly, for public accounting, the rotation period is every 5 years. Is that correct? How much longer do you have on the engagement for CCSD?

Kurt Schlicker:

Thank you, Member Hammer. Again, Kurt Schlicker for the record. Auditor rotation is only a requirement for the SEC, so that's a public PCOB-SEC requirement. There's actually no auditor rotation requirement at a state or local government level. Now, certainly, we will perform auditor rotation if requested by our clients. Because obviously, if they would like a fresh look, then certainly we can provide that. We don't have any plans for auditor rotation right now. 2 years is, I'll just tell you, not a very long time for a partner to be on an engagement. That's pretty fresh perspective still. We do have a concurring review that's done each year, and we generally rotate who does that review. Ms. Bartholomew mentioned earlier that we do have a concurring partner review, and that still takes place.

Kurt Schlicker:

And then, the single audit is the grant audit for the school district. That goes through a very formal quality control process through our national assurance office, and that partner is rotated and done as well. So yes, this would be my third year. No plans for rotation. But should you ever want that in the future, then obviously we will be happy to oblige because, again, if it's an Eide Bailly client, we're more than happy to serve the district, anyway.

Joshua Robinson:

Thank you again, Mr. Schlicker. All right. Thank you, members. Agenda item 2.04 does require our action, so I'll seek action on review of the independence and qualifications of the Clark County School District's independent external auditor.

Elizabeth Hammer:

Member Hammer, motion to approve.

Maegan Hilton:

Member Hilton, second.

Joshua Robinson:

Thank you, members. All in favor, please say aye.

ALL:

Aye.

Joshua Robinson:

Anyone opposed, please say no. The ayes have it, 4 to 0. Thank you again.

2.05 Review of the Engagement of the Independent External Auditor for the Clark County School District for the Fiscal Year Ended June 30, 2025.

Discussion and possible action regarding the engagement of the Clark County School District's independent external auditor Eide Bailly LLP for the fiscal year ended June 30, 2025, is recommended. **(For Possible Action)** [Contact Person: Diane Bartholomew] (Ref. 2.05)

Motion to approve.

Motion: Hammer Second: Throneberry Vote: Unanimous

Motion passed.

Joshua Robinson:

Thank you again. With that, we'll move on to agenda item 2.05, which is the review of the engagement of the independent external auditor for the Clark County School District for the fiscal year ending June 30th 2025. Agenda item 2.05 is discussion and possible action regarding the

Joshua Robinson:

engagement of the Clark County School District's independent auditor external auditor, Eide Bailly LLP, for the fiscal year ending June 30th 2025. For this item, I'll turn it back over to Ms. Diane Bartholomew.

Diane Bartholomew:

Thank you, Mr. Chairman. Diane Bartholomew for the record. This also is an action item, as you mentioned. We have received a standard independent auditor engagement letter, which serves as a formal agreement between the district and Eide Bailly. It outlines the scope of the audit, the responsibilities of each party, and the expected deliverables. This aims to prevent misunderstandings and clearly defines the terms of the audit agreement engagement by setting expectations up front, so we know what's going on. Pretty standard with that, I'll take any questions.

Joshua Robinson:

Thank you, Ms. Bartholomew. Have there been any noteworthy or material changes from last year's engagement letter to this that might be worthy of bringing to the board's attention or committee's attention?

Diane Bartholomew:

I can note that we're always updating as the years go on. Costs go up, right? It's always difficult to find staff to do the work that's needed to do, so yes, there was an increase in cost for the audit, which I have a note. And I don't know the percentage, of course, but yes, there was a slight increase. But of course, with a district of this size, it does take a lot of hours to complete the audit with the team and with the auditors. It can be a painful process, but it's a good process. Thank you.

Joshua Robinson:

Understood. Thanks, Miss Bartholomew. I'm going to echo your sentiment. Obviously, the long-standing relationship with Eide Bailly, very valuable. The continuity of staff, very valuable. But just to cover our bases, with the increased in audit fees, as I recall again from prior year, the district does go out to RFP periodically just to validate or sanity check the value of the services being provided. Can you provide us a reminder of the last time that took place, please?

Diane Bartholomew:

Yes. Diane Bartholomew for the record. I believe we would be coming up on that cycle, right? We try to provide good community-facing trust, so it is normally in a 5-year cycle, give or take, and I believe we would be coming up on that process this coming fall. Somebody, correct me if I'm wrong, but I think that's where we are with the RFP. Again, it is challenging for that process and, again, it is a painful process, but a necessary evil.

Joshua Robinson:

Understood. Thanks, Ms. Bartholomew. I think we'll just take a note that we'll touch base with you again at our September meeting to see how that process is coming along, so thank you. Are there any other questions for members of the committee related to agenda item 2.05? Okay. As previously mentioned, agenda item 2.05 does require our action, so I'll seek action on review of the engagement of the independent external auditor for the Clark County School District for the fiscal year ending June 30th 2025.

Elizabeth Hammer:

Member Hammer, motion to approve.

Joseph Throneberry:

Member Throneberry, second.

Joshua Robinson:

Thank you, members. All in favor, please say aye.

ALL:

Aye.

Joshua Robinson:

Anyone opposed, please say no. The ayes have it, 4 to 0.

2.06 Review of the Clark County School District Internal Control Environment.

Presentation, discussion, and possible action on the Clark County School District Board of Trustees' Audit Advisory Committee's responsibility to review updates to the internal control environment including assignment of authority and responsibilities as prescribed by the Bylaws and Calendar of the Committee, is recommended. **(For Possible Action)** [Contact Person: Diane Bartholomew] (Ref. 2.06)

Motion to approve.

Motion: Throneberry Second: Hammer Vote: Unanimous

Motion passed.

Joshua Robinson:

Thank you, Mr. Schlicker, again for joining us. We will move on to agenda item 2.06, which is the review of the Clark County School District's internal control environment. This will be the presentation, discussion, and possible action for the Clark County School District Board of Trustees and Audit Advisory Committee's responsibility to review updates to the internal control environment, including assignment of authority and responsibilities as prescribed by the bylaws. For this item, I'll turn it back over to Ms. Bartholomew.

Diane Bartholomew:

Okay. Good morning, Mr. Chairman, committee members. Diane Bartholomew for the record. Again, this is an action item as well. Please refer to the slide deck. Again, this will all be very familiar to you all. Fortunately, the internal audit framework doesn't change very often, which I think is a good thing. Right? The internal control is broadly defined as a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories, so effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws. Again, yes, we have this nice blue box, about one inherent limitation of internal control is that a certain degree of risk will always be unavoidable. Thank you. Next slide, which is the COSO framework, the Committee of Sponsoring Organizations' internal control framework components.

Sorry, let me get my notes. The next slide is talking about COSO, right? You have the control environment, you have the risk assessment, control activities, information and communication, and monitoring activities. We will go into each of these in a little bit more detail. Thank you. The first is the control environment. And this is ultimately the foundation upon which an effective system is built and operated within the organization, and essentially strives to demonstrate a commitment to integrity and ethical values, oversight, responsibility, establish structure, authority, responsibility, and demonstrate a commitment to competence, and enforce accountability. More specifically, the Clark County School District establishes a tone at the top regarding the importance of internal control and its integrity and ethical values. This is primarily done through policies and regulations, establishes organizational structures, reporting lines and procedures, and reinforces expectations and accountability.

And then also, as we mentioned before, implemented the EthicsPoint which helps. Next slide. The next area is the risk assessment. And this really establishes and maintains an effective ongoing process to identify, analyze, and manage risks. It identifies and assesses changes that could significantly impact the system of internal control. It prioritizes risks so that it managed within defined tolerance thresholds without being over-controlled. This is the cost-benefit analysis we talked about. We talk about establishing risk tolerances, prioritizing these risks, implementing internal controls, assess exposure to risks that control-related policies and procedures that they're adequate. A lot of this is done in coordination with our internal audit department, as you've seen, as they go through their risk assessment on audits. This is a lot of what myself and the team members participate in. Next is control activities. These are the actions that management establishes through policies and procedures to achieve objectives, to respond to risks.

This is performed at all levels within the organization. When we talk about that the most effective are preventative, this is the upfront controls. We have training, we have the username and passwords, authorization and approvals, and ultimately segregation of duties. And then we also have the detective, which is monthly/quarterly/yearly reconciliations, internal and external audits, monitoring transactions, and again the EthicsPoint system. And then we also have the automated, which kind of go in coordination with the preventative. At least certainly, automated, can be any type. A lot of workflow paths are built into our accounting system like SAP. And then in our HCM and PeopleSoft, there's approval lanes, there's thresholds, there's limitations, and then we can track and create data changes if we need to. Next slide.

Diane Bartholomew:

Information and communication is obviously very important in the continual process of providing, sharing, obtaining relevant information that is timely, accessible and allows for control actions, so quality and effectiveness of information is key. We both have internal and external communication, so talking a little bit about the flow of communication. Obviously, it needs to go upward, it needs to go downward. It goes across organizational lines and the district, and it goes in and out of the district. Obviously, we've got a lot of media presence here at CCSD. The types of things that are communicated, policies, procedures, standards, expectations, initiative, feedback. And then the way that we communicate in person, we have emails, phone, Google, we have our wire that the district uses to send out communication.

But yeah, we'll send out memos, newsletters. We also have open book, we have a social media page, we have our communications department. We're very busy here in the district with communication. For the next piece, monitoring. These are the periodic or ongoing evaluations that are used to determine whether components of internal control are present and functioning, and make sure that internal control deficiencies are communicated timely to those responsible for taking a corrective action. When you look at some evaluations, we talk about checklists, monitoring reports, reconciliation, supervisory review, internal/external audit, and the internal audits that we have done in the past.

External audit, just to give a little bit on that, which we've already met Mr. Schlicker. Eide Bailly is our auditor. They are an independent auditor that performs our financial statement audit of the annual comprehensive financial report, which is required by law. It's required to ensure financial statements are not materially misstated, that it goes back to the point that nothing could be perfectly accurate. And materiality is a concept of, "an amount large enough to cause an investor or user of the financial statements to view the financial statements or financial condition of the entity differently." The auditors are required to report material weaknesses and significant internal control deficiencies, which they do on an annual basis. Just some information, Eide Bailly is a nationally-recognized independent certified public accounting firm. Independent means the auditor has no financial interest in the organization, is not an employee or part of management of the organization, and is an objective third party. And then, we just list some of the other audit clients that Eide Bailly has at the bottom. As Mr. Schlicker mentioned, they are a busy group.

Okay. With internal audit, I know you're very familiar because we do get a regular update from Ms. Scott. The internal audit department's mission is to independently evaluate the effectiveness of the district's activities, and to enhance and protect organizational value by providing risk-based and objective assurance advice and insight. Let's see here. Additionally, as Ms. Scott was alluding to the last couple of years, we've added some senior auditors as well to again get a better progression, and to provide a lot more value to the district. Right? So, it's good. Okay. And then, here's the next slide, a brief overview of all the other types of audits. As a large government agency, we are audited by it seems like every agency in the state, so it does keep the team busy. Sometimes, you'll mention maybe audit fatigue. Sometimes, it can be tough but, again, it's a necessary evil. Many organizations come and look through our financials, and make sure that everything is up to snuff and is good.

Diane Bartholomew:

Let's see. The last piece, that Mr. Throneberry was actually alluding to earlier. Our hot topic is because it is impacting every large business, probably worldwide even, not even just here in the States but probably more significantly here in the States. With cybersecurity in the education sector, we know as well as many other sectors are being targeted. We've taken some additional steps. We have reset passwords, we have modified security settings, we've strengthened login credentials, and expanded the use of two-factor authentication to the dismay of a lot of staff. But it is what it is, we got to do it. We've provided incident hotlines to respond to questions. We've secured the Google environment better by limiting access. We've notified and cooperated with law enforcement, and also we collaborate on a regular basis with our cybersecurity specialists to assess any specific incidents that might happen. Maybe a spam email or a phishing email.

The team is getting much more savvy when they see something, maybe notice what the email thread is and send it on or report it. Now, we have a way to report if we think it's spam or phishing kind of thing, so that's been a good addition. We've continued to enhance our controls. We've mentioned a number of times, we are not well-funded as it relates to school districts across the nation and states, which certainly affects our ability to enhance our controls. But we're doing the best we can with what we have because it certainly doesn't make it less important. We just have to do our best. With that, we've tried to utilize the resources that we have to the best we can. We've tried to utilize some grants too to assist with some cyber work. But it's a growing challenge, and we just try to overcome it the best we can over time. I think that's the last slide. I'll take any questions. Go ahead.

Joseph Throneberry:

Member Throneberry. Thank you for the COSO overview, and how CCSD is implementing that. As you referenced on page 12, the cybersecurity internal controls, I'm very pleased to see that that has been included in this year's presentation and the focus going forward. And for members of management and our board of trustees, this is really that framework of what an IT auditor, an internal audit would be testing and doing, independent assurance of and building a job description. Because a lot of times for positions you're like, "What does that person actually do?" This is kind of the framework of what they would actually be doing. Testing and making sure that what we say we're doing, we're actually doing before that outside party has to come in and point out those deficiencies. So, great work on that. And then, going back to the internal communications piece. For internal audit reports for CCSD, are we publishing our reports to the general public, including all the memos, the findings, having those readily available?

And if not, I think it's important to look at it by giving the public and others the opportunity. I am sure we rotate our audits. But sometimes within auditing folks, if I'm a principal or I'm another department head doing something dishonest, I know the auditors always come in June for my annual audits. This is a hypothetical, but they're presumably going to look at 2 to 3 entries or 2 to 3 weeks. Preferably not the same of every audit every year, but I'm kind of giving them the playbook. Someone may know in that school district that works there, they'll see this audit as report, "Well, they only looked at this. It was a valid audit, but they left out that piece that you don't have that information." So, kind of a 2-part question. One is, are we looking at in making those reports and

Joseph Throneberry:

memos everything more accessible to the public? And then two, just addressing how, when we go in for compliance audits that, we're keeping that element of surprise so that it's not, "Here's what the auditors are going to ask, and I'll provide them exactly what I know is good"?

Janette Scott:

Member Throneberry, members of the committee, Janette Scott for the record. The audits themselves are not published, they're not on the website. However, the website does state that if they do want to receive an audit, they can call me or they can reach out to the public information office. We do have a person that handles those larger requests. As far as when we go in to do our audits, it is not the same time every year that we go in to do them. We do have a rotating schedule. As I've mentioned before, elementary schools, we try to get to at least once every 3 years. Secondary schools, at least every year and a half to 2 years. But that doesn't mean it's the same 6 months, we're looking at every 3 years or every one and a half years.

Typically, our school audits are a 6-month scope. For department audits, obviously they are significantly longer than that. That being said, we do test on a sample basis. We are not looking at 100% of the material, we just don't have the resources for that. But that being said, with our audit management software, we are looking to, hopefully in the future, being able to utilize that a little bit better to do some of that type of work. Did that answer your question?

Joseph Throneberry:

It did, Ms. Scott. And then in terms of why the audit reports aren't published, and there would be that individual request, is that a technical or just a management decision?

Janette Scott:

Well, speaking for internal audit, I'm not sure exactly why they're not published. We do issue upwards of 100-plus school audits a year, so that would be an awful lot of publishing to do. And the requests that we actually get, we're able to answer those requests and provide those documents very timely. We've never had any issues with that, so we've just gone with that basically.

Joseph Throneberry:

Thank you. That answers my question. That's always something to monitor should there be an interest from the community, and that's something that we can look at going further. That's all I had. Thank you.

Joshua Robinson:

Thank You, Member Throneberry. In reference to that, I think obviously, the public does have access to those as Ms. Scott indicated. I think one of the things if we do go down that path, and we can certainly collaborate on this, is there was an article in a local publication 6 or 7 months ago whereby prior audits have been evaluated. And what's important to an audit that many of us in this room understand is context or contextual clues that leads to findings. One may argue, and I'd love

Joshua Robinson:

to have this argument actually, that perhaps that publication didn't have the contextual clues necessary to fairly represent the position of the district nor the audit standards. Let's continue to have the conversation. But let's make sure if we do go down that path, that we have the appropriate resources necessary to provide the public the big picture instead of, what might appear to be on a micro level, a not-so-positive little picture. Just food for thought on that.

Two comments. The first one is... I say this every year but, obviously, I value the fact that the district adheres to the COSO framework. The COSO framework has been widely adopted by almost every large public entity in this country and around the world. I know it takes time and effort to map and adhere to it, so I appreciate that. And then the second thing I'd like to bring up, Ms. Bartholomew, you used the term that... You'll have to forgive me, as a career auditor, I have to bring it up. You used the term necessary evil as part of your presentation. I know it was probably a misnomer. I don't want to put words in your mouth, but I think I like to characterize these things as necessary value drivers.

Because as a career auditor, I just don't say that to make myself feel better. But rather I think that everything the district does and is subject to makes someone better in some way, whether it's the stakeholders in Clark County, it's you and your team, it's the auditors, it's Ms. Scott. Again, apologies for saying that because I know your heart was in the right place. But as an auditor, I had to say something-

Diane Bartholomew:

Duly noted, Diane Bartholomew for the record. As you know, I am not a CPA, I'm not an auditor, so duly noted. Thank you.

Joshua Robinson:

No worries at all. Okay.

Diane Bartholomew:

I'm scratching that from the vocabulary.

Joshua Robinson:

Just when you're in front of sensitive auditors. Does anyone else on the committee have any questions in regards to agenda item 2.06? Okay, hearing none. This was an action item, so I'll seek action from the committee on 2.06. This is to review the Clark County School District internal control environment.

Joseph Throneberry:

Member Throneberry, I'll make a motion to approve.

Elizabeth Hammer:

Member Hammer, second the motion.

Joshua Robinson:

Thank you, members. All in favor, please say aye.

ALL:

Aye.

Joshua Robinson:

Anyone opposed, please say no. The ayes take it, 4 to 0.

2.07 Update on Recently Issued Governmental Accounting Standards Board Pronouncements.

Presentation, discussion, and possible action regarding the accounting, financial reporting, and auditing requirements of recently issued Governmental Accounting Standards Board pronouncements, is recommended. **(For Possible Action)** [Contact Person: Diane Bartholomew] (Ref. 2.07)

Motion to to approve

Motion: Hammer Second: Throneberry Vote: Unanimous

Motion passed.

Joshua Robinson:

With that, we'll move on to agenda item 2.07, which is the update on recently-issued governmental accounting standard board pronouncements. This item will be the presentation, discussion, and possible action regarding the accounting, financial reporting, and auditing requirements' recently-issued GASB pronouncements. For that, I'll turn it back over to Ms. Diane Bartholomew.

Diane Bartholomew:

Mr. Chairman, committee members, Diane Bartholomew for the record. Again, this is an action item. But before Ms. Yanmin Zhu-Howard begins her GASB presentation, I would like to share that she's not only a CPA but has recently been recognized as earning the Certified Public Finance Officer designation from GFOA, which is a pretty big deal. It's a great distinction. We're very proud of her, and honored that she's on the CCSD team to bring that [inaudible 01:01:24] with her. With that, we'll move on to the GASB riveting presentation.

Yanmin Zhu-Howard:

Thank you, Diane. It's very nice of you to introduce me like that. Chairman, members of the committee, Yanmin Zhu-Howard for the record. Whoever arranged this audit meeting is very smart to leave this most fun part to the last presentation. Thank you for the opportunity for me to present the governmental accounting standard updates. This is my second year for this presentation, and we will also talk about CCSD's response and progress towards this update. My name is Yanmin

Yanmin Zhu-Howard:

Zhu-Howard. I am a certified CPA and CPFO, that Diane just mentioned. I'm currently working as a GR coordinator 3 with the accounting departments. I'm also serving as a member of the Accounting, Auditing, and Financial Reporting Committee of the GFOA. We'll start with the brief overview of this presentation. We'll go over 4 GASB standards that are most recently released, they are GASB-103 through 104.

As you may know, our accounting department often take early implementations on GASB standards. As such, GASB-101 and 102 were adopted early last year for the FY '24 effort reporting. And this year, we plan to implement GASB-103 and 104. Last year's implementation of GASB-101 compensated absence was challenging but rewarding and successful. This year, we're looking forward to a smoother transaction because GASB-103 and 104 are more about financial reporting presentation and no disclosures. There's no major changes in the accounting practice, and no technical accounting issues are involved. Besides the 4 GASB standards, then we'll take a quick look at the tentative GASB project and the Federal Data Transparency Act.

Let's begin with GASB-101, compensated absences. This accounting standard requires to recognize the liability for accumulable leave earned by the employees from prior services, when the employee will more likely than not receive cash compensations or non-cash settlement for usage or upon termination. This was our major early implementation last year. We reviewed the negotiated employment agreements, HR and union contracts and policies. We collaborated with the IT consultants to create new HCM activity reports in order to collect essential historical data. And from the historical data, we performed random sampling under AICPA guidance. We did about 200 samples to calculate ratios of usage and final payouts for each of our 5 employee groups and each type of the applicable leave. They are vacation leave, comp time, and sick leave pool.

Then, we apply the calculated historical ratios on the year-end leave balances adding the payroll taxes and associated incremental benefits items such as women's comp to calculate the liability for comp absence under the GASB-101 provisions. Also, the beginning balance of the net positions were restated because the implementation of GASB-101 constitutes a change in accounting principle under the GASB-100. That's for GASB-101. We'll move on to the next slide, GASB-102, certain risk disclosures. This standard requires disclosures on concentrations and constraints that make a government vulnerable to risk of substantial impact. GASB-102 disclosures are rare cases. During our last year's early implementation, we determined that it did not apply for our last year's effort reporting. So far, for this year, it doesn't seem to apply either. But we will revisit at year-end for the final assessment. And this GASB statement is to be evaluated annually at year-end.

Next, let's dive into GASB-103, financial reporting model. This will be our major early implementation project this year. This GASB standard addresses improvements of the effort reporting in the areas of management's discussion and analysis (MD&A), unusual or infrequent items, presentation of proprietary fund statements, reporting major component units, presenting budgetary comparisons, and statistical section change. This GASB statement is over 100 pages. So instead of boring you with all the detailed provisions, we're going to focus on the applicability of each of these 6 areas, whether they will impact our effort reporting. And within each impacted every years, we'll focus on the specific issues that we need to adjust to make updates to our efforts this year-end from now on and our planned responses towards this new provisions. First, regarding

Yanmin Zhu-Howard:

the MD&A, our previous year's efforts include MD&A narrative disclosures related to budgetary highlights. It was the comparison information between the original budget and the amended final budget.

As listed here at the second-to-the-last area, the GASB-103 requires presenting budgetary comparisons as the required supplementary information (RSI) instead of disclosing it in the MD&A session. We are in the process of reviewing the previous narrative related to budgetary highlights, and we may remove some of these disclosures from the MD&A to the RSI for the GASB-103 provisions. And for the MD&A, we might rewrite the narratives at a higher level. Also, for the MD&A, GASB-103 stresses detailed analysis should provide explanation why the balances and results of operations change over years instead of just simply presenting them at the changed amount or at the changed percentage. CCSD has been very good at providing detailed explanation of the reason why, and we will reuse GASB-103 as a key reminder to continue with our good practice in this area.

The next area regarding the unusual or infrequent items, these are rare transactions and we are not aware of any of these transactions this year. The third item regarding the presentation of proprietary fund statement of revenues, expenses, and change in net position, I call it as income statement here. Prior to GASB-103, the proprietary fund statements has 2 distinguished sections, operating revenues and expenses versus non-operating revenues and expenses. GASB-103 adds a new section here as non-capital subsidies, which are primary external grants and internal fund transfers. As such, the proprietary fund income statements, we will have those 3 primary sections here. The first one is the operating income loss, the second part is the non-capital subsidies, and the third section is other non-operating revenues and expenses. I'm sorry, there's a typo here. Number three should be other non-operating revenues and expenses, not operating revenues and expenses. Then, we move on to the next item, reporting major component units. As you know, CCSD has only one component unit, Vegas PBS, which is a non-major component unit. So, this item does not apply to CCSD.

Then, we are looking at the area of presenting budgetary comparisons. Besides the budgetary highlights narrative that we just mentioned in the MD&A, we're moving to the RSI section. Our prior years efforts also include not in the RSI but in the basic financial statement section, 3 fund statements with budgetary comparison columns for general fund and 2 major special revenue funds. And in order to comply with the GASB-103 provisions, we are going to move those 3 fund statements from the basic financial statement section to the RSI this year. And the last area regarding the statistical section change, this applies for governments that allow only business-type activities or business-type and fiduciary activities. At CCSD, we carry our governmental activities of various education programs. They're not business-like or business-driven, so these areas of provisions do not apply to us.

That will be it for GASB-103, and then we'll take a look at GASB-104, disclosure of certain capital assets. This accounting standard requires capital assets held for sale, intangible assets, and these assets to be disclosed separately by major class. It also requires like SBITA's software lease to be disclosed separately. GASB-104 also establish criteria in determining whether capital assets should be classified as held for sale. We are in the process of an early implementation now. We did

Yanmin Zhu-Howard:

research training, and GASB had inquiry on this GASB-104. We reviewed the history of assets' sale records, and we are right in the middle of the process of establishing a threshold for assets held for sale with the inputs from Kurt Schlicker of Eide Bailly partners. By year end, we will review and update the notes by capital assets, no disclosures per GASB-104 provisions, and may update or additional disclosures if applicable.

After reviewing the above 4 GASB statements that are mostly most recently released, we'll take a quick look at the current GASB tentative projects here. On the GASB website, they list 5 projects, going concerns, implementation guidance 2025, infrastructure assets, revenue and expense recognition, and subsequent events. The milestone and the expected dates were updated when we check it last time, on Monday this week, compared to January when we prepared this PPT. We will dive into it and learn more in depth once the relevant GASB statements are published.

Besides the GASB statements and standards, the Federal Data Transparency Act is expected to have a significant impact on the financial reporting of state and local government that issue municipal securities. This act requires state and local government to report financial information using standardized machine-readable data formats and identifiers. To comply with the new data standards, it could be both costly and administrative burdensome for states and local governments because the act is an unfunded mandate. The act was enacted in 2022, and rules are expected to be finalized in 2026 with an effective date potentially beginning in 2027. However, since the January presidential inauguration, the federal government leadership and policies have had substantial changes which could affect the implementation of the FDTA in unpredictable ways. So, we would just keep a close eye on the updates of the rulemaking and the requirement of FDTA.

Our accounting department maintains a comprehensive GASB checklist. On an annual basis, we will update the checklist by adding newly released GASB statements and mark the superseded ones once. We also will assess the applicability of each active GASB statement. Furthermore, we send our district wire and department memos twice in a year to gather operation information related to GASB statements from individual schools and departments. And this year, so far, we have received a record-high response rate for the first-round wire and memos we sent out in November 2024. In over 300 schools, 80% have responded. We will send out a second-round memo and wire in April. And we'll continue with the assessment for each active GASB statement through the interim audit and the year-end audit. That will wrap up the presentation. Thank you for your patience and enthusiasm for the GASBs.

Joshua Robinson:

Thank you, Ms. Bartholomew and Ms. Zhu-Howard, and congratulations on your recent recognition. Are there any questions for members of the committee in regards to the GASB update? I just have one real quick. You mentioned on page 7 of 11, the tentative GASBs that are currently in comment. Does the district, by practice or just when they feel passionate about an issue, provide comments to the Governmental Accounting Standards Board?

Yanmin Zhu-Howard:

As a member of GFOA's Accounting, Auditing, and Financial Reporting Committee, I participate in the committee's discussion and job for the preliminary review, and the supposed job to make comments and then submit to the GASB. I would say, in general, always the governments are not too associated about a new GASB Statements. But it's like you said, the internal control and the new GASB Statements would help the improvement for effort reporting and standardized accounting practice, and to provide the public users with comparable and standardized financial reporting. The next few projects looks like it would not be major impact except the revenue and expense recognition that maybe will require accounting practice changes. But most of them, like subsequent events, that's on the disclosure side. And the infrastructure assets at CCSD, it has more impact to the county, state, or the city rather than CCSD.

Joshua Robinson:

Great. Thank you for doing that. Hearing no further questions, agenda item 2.07 also requires our action, so I'll seek action on the update of recently issued GASB pronouncements.

Elizabeth Hammer:

Member Hammer, motion to approve.

Joseph Throneberry:

Member Throneberry, second.

Joshua Robinson:

Thank you, members. All in favor, please say aye.

ALL:

Aye.

Joshua Robinson:

Anyone opposed, please say no. The ayes have it, 4 to 0.

3.01 Public Comment on Items Not Listed as Action Items on the Agenda.

Joshua Robinson:

Mr. Caruso, are there any members of the public who have submitted a comment for today's meeting? All right, okay. Thank you, Mr. Caruso.

Adjourn:

Motion to adjourn.

Motion: Throneberry Second: Hilton Vote: Unanimous

Motion passed.

Joshua Robinson:

Hearing no members of the public, I will seek a motion to adjourn.

Diane Bartholomew:

Mr. Chairman, before you adjourn, I'm sorry, Diane Bartholomew for the record, I just want to correct a prior statement, of course, which was good about the team being here, about the RFP process. Our last award was in January of 2021, and the contract and award was for one year but with 6 renewal options. So, we won't be going back out to the RFP process until the summer-ish of 2027.

Joshua Robinson:

Thank you, Ms. Bartholomew, for the clarity on that. Appreciate it. Okay. Hearing nothing else, I will seek a motion to adjourn, please.

Joseph Throneberry:

Member Throneberry, motion to adjourn.

Maegan Hilton:

Member Hilton, second.

Joshua Robinson:

Thank you, members. All in favor, please say aye.

ALL:

Aye.

Joshua Robinson:

Ayes have it, 4 to 0. Thank you everybody for attending. Have a wonderful day.