



Town of Atherton
SPECIAL MEETING FINANCE COMMITTEE
AGENDA
July 16, 2019
2:00 PM
HOLBROOK PALMER PARK-MAIN HOUSE
150 Watkins Avenue
Atherton, California

PLEASE NOTE: *Times listed on the Agenda are approximate; items may be taken up out of order.*

1. ROLL CALL

Bob Polito, Jeffrey Lee, Ann Yvonne Walker, Devika Patil, Walter Sleeth,
Bill Widmer, Rick DeGolia

Present: Polito, Walker, Patil, Widmer, DeGolia

Excused: Lee, DeGolia

2. PUBLIC COMMENT

None

REGULAR AGENDA

3. Review and Approve Draft Minutes of March 12, 2019 Finance Committee
Motion to approve minutes by Ms. Walker, seconded by Polito; All in Favor

4. Selection of Chair and/or Vice Chair of the Audit/Finance Committee for FY
2019/20

Staff opened the meeting welcoming new member to the Finance Committee Mr. Walter Sleeth. Staff began discussion that it is customary to select a Chair and Vice Chair and Vice Chair for the Audit Finance Committee at the beginning of the Fiscal Year. It was communicated the Chair and Vice Chair do not have to change, but it is an opportunity for committee members to volunteer or nominate member to be Chair or Vice Chair to the Finance Committee. Discussion ensued and the decision was to maintain Mr. Polito as Chair of the Finance Committee. Mr. Polito accepted being the Chair of the Committee. There was further discussion of the Vice Chair for the and Ms. Walker was nominated by Chair Polito. The nomination was accepted and seconded by Mr. Sleeth. All in Favor, abstain by Ms. Walker

5. Discussion of the Fiscal Year 2018/19 Preliminary Audit & Scope SAS 114 communication– Katherine Yuen, Auditor, Maze & Associates

Staff began this item as discussion of the Fiscal Year 2018/19 preliminary audit and scope with the Town independent auditor Maze and Associates. The auditor is tasked with auditing the basic financial statements of the Town. The field work for the Fiscal Year 2018/19 audit began the week of April 8 through April 12. There is the required process audit process of SAS 114 communication with the committee. Audit engagement partner Katherine Yuen began introduction that she maintains over 23 years with Maze and Associates and focus has been with government agency auditing. The SAS 114 is the communication of the auditor's responsibilities under generally accepted auditing standards and process of the audit. This includes the concept of materiality, the planned scope, timing, independence and management representations. Ms. Yuen discussed that company issues in the early 2000's such as those of Enron make it a requirement of the SAS 114 discussion.

It was mentioned we follow all the Government Audit Standards with all their audits. Part of the auditor's main goal is to review the financial statements and test that everything is materially correct. There is verification of the testing of controls. Ms. Yuen discussed that an audit is usually issued a clean opinion. It means based on the audit all standards are met and controls are maintained, it does not mean an agency is financially sound. The Auditor will communicate anything they see during the audit. The interim phase reviews and conduct interviews with the Town management in understanding controls and verifying procedures. The final phase of the audit is October 28 through November 1. This includes the testing of balances and comparing the amounts with the records of the Town and that they are sound. There is an Information Technology (IT) component that includes a Town-wide IT system review.

There was a question that was posed on the procedures of the audit. Does the Auditor look at the Town policies? It was confirmed that the auditor looks at procedures as well as Town policies such as the investment and purchasing. They review disbursements with the purchasing policies. Ms. Yuen further discussed the audit scope, timing, and responsibilities of the audit plan. Additional discussion ensued regarding fraud considerations and the consideration of fraud in a financial statement audit. It was discussed that this audit standard was an implementation due to the collapse of Enron, Worldcom, and other private sector frauds and the definition is a material misstatement in financial statements. As part of the SAS 114 communication, Ms. Yuen asked the Committee certain inquiries regarding the risk or knowledge of fraud. It was acknowledged by the Committee that there were no risk or knowledge of fraud. The presentation concluded with conversation on appreciation with meeting with the Finance Committee to discuss the Town audit communications.

6. Discuss and set Finance Meeting dates for Fiscal Year 2019/20

This item was discussion to establish the meeting schedule for the Finance Committee for the Fiscal Year 2019/20. It was communicated that each Town

committee shall establish a regular meeting schedule on an annual basis in July. The Finance Committee currently meets every other month on the second Tuesday of the month and the purpose was to establish a meeting schedule for the upcoming year. Staff reviewed and provided a calendar of meeting dates to include September 10, 2019, November 12, 2019, January 14, 2020, March 10, 2020, May 12, 2020, July 14, 2020.

This was an opportunity for the committee to review and discuss the availability of these dates as we proceed to set the calendar for Fiscal Year 19/20. This is to assist committee members establish meetings on their calendars. There were also potential joint budget study sessions dates with the City Council on Wednesday April 1, 2020 and May 6, 2020. It was discussed that any meetings held other than a regularly scheduled meeting will be posted as special meeting of the Finance Committee. It was requested by majority of the committee to observe the tentative schedule for Fiscal Year 2019/20 and that the September meeting needed several alternate dates to accommodate a quorum of the Finance Committee.

7. Next Meeting Date, Future Agenda Items and Time- September 10, 2019

It was communicated that additional alternative dates are needed for the next September meeting of the committee. This next meeting would be a special meeting of the Finance Committee.

8. Adjourn Motion by Chair Polito, seconded by Vice Chair Walker; All in Favor;3:06pm

 Please contact the City Clerk's office at (650) 752-0500 with any questions

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