

Charter Audit Committee Minutes

Tuesday, May 15, 2018
Department of Education
755 North Roop Street
Carson City, NV

MEMBERS IN ATTENDANCE

James Smack, Chief Deputy Controller, Office of State Controller
CJ Manthe, Director, Business and Industry
Rebecca Feiden, Director, Achievement School District (Joined at 9:45 am)
William Harty, Vice Chair, Somerset Academy of Las Vegas
Steve Weinberger, Administrator, Division of Internal Audit
Michael Shafer, Audit Chairman, Department of Education

STAFF PRESENT

Nate Hanson, Director of District Support Services
Suzanne Richards, Nevada Department of Education
Greg Ott, Deputy District Attorney, District Attorney Office

I. ROLL CALL/CALL TO ORDER

Chairman Smack called the meeting to order at 9:03 am. A quorum was established.

II. PUBLIC COMMENT I

There was no public comment.

III. APPROVAL OF MINUTES

Minutes from May 1st were approved. Mr. Shafer motioned for approval and Mr. Weinberger seconded the motion.

IV. UPDATE GUIDE AS NEEDED

Mr. Smack asked for questions or concerns from the Committee or anyone from the public who wished to speak. He reviewed the first item from the email received from Mr. Dave Silva, Rife Silva and Co, LLC.

Mr. Silva was concerned about having a requirement that schools engage with an audit partner no less than every five years. Mr. Smack stated that the committee has taken the question into consideration by modifying the requirements during the opening year in order for schools to complete any contracts which might be in force with the firms or individual auditors.

Mr. Silva's second question asked why there is now a requirement changing the Audit Partner. Mr. Shafer explained that there is a need to have a different auditor review in order to get a different perspective of the audit reporting.

The third question from Mr. Silva regarded whether the Internal Controls reference to the OMB Circular A 87 might be outdated and the fourth item from him suggested some of the wording in the same section should also be reviewed. Mr. Smack asked Mr. Shafer to review the third and fourth items from Mr. Silva. Mr. Shafer agreed to review the item.

The final concern from him regarded contradictory information about the rotation of the auditor. The committee agreed and the entire section was removed. Mr. Shafer clarified changes which were made on pages 23 and 27.

ADDITIONAL QUESTIONS FROM PARTICIPANTS

Leah Crawford on behalf of 100 Academy asked if a different “Audit Partner” was necessary or could a different “Audit Manager” be enough. The committee recommended that the statement be reviewed by the authoring persons to clarify the wording.

Chris Jones, Auditor, Hafen and Bruckner, felt that the quality of the audit should be what is most important, and not getting different perspectives.

John Hawk, Nevada State High School, asked if the cost of changing auditors by the Charter Schools was considered. Mr. Smack explained that the cost was a not a concern of the committee. Charter Schools have to be responsible for their own contracts with individual firms or auditors and can negotiate what they feel is a fair price for an audit. He noted however, if a firm is on the list, the schools could, if they choose, continue using that firm with which they already have a contract.

Beth Kohn, Kohn and Company, pointed out other inconsistencies in the guide. She asked if the document was supposed to be Guide or is it a Requirement? She felt that Auditors would view it as a requirement.

Ms Feiden joined the conversation and suggested that the document be reviewed by the District Attorney for clarification.

V. UPDATE RFQ FOR CHARTER AUDITORS

Mr. Smack opened the discussion by reading further comments from Mr. Silva regarding the RFQ. Mr. Silva felt that there was too much repetitiveness throughout the document.

To answer a concern for time limitations in submitting the 2018 RFQ's, Mr. Smack explained that the committee's was under a deadline from the legislature to complete the directive.

Regarding a concern about the contracts with current auditors, Mr. Smack explained that for the 2018 year, allowances would be considered in order for entities to comply with the criteria.

No further changes were made by the committee.

ADDITIONAL QUESTIONS FROM PARTICIPANTS AND COMMITTEE

Chris Jones felt that much of the criterion was redundant. He suggested putting the requests in one location on the document and not throughout the document.

A question was asked if the Evaluation Criteria could be submitted as an amendment. Ms. Manthe suggested a self-scoring worksheet could be included.

Beth Kohn asked if the number of Charter Schools audited was meant to be counted as the number of schools total over the past three years, or were they to be counted as total number of schools “per year.”

After the committee discussed the question, Mr. Weinberger motioned changing the wording in criterion #2 and #3 to reflect number of Nevada Charter Schools audits performed in the past three years. Mr. Shafer seconded the motion. The motion passed.

Zeth Macy, Shettler Macy and Associates, asked if there would be another round of applications for 2019 if there was already a contract for school year 2018. Mr. Smack stated that even if an auditor or firm is already in a contract, they should still apply.

Mr. Smack's final suggestion was that the mandatory requirements should at least be reviewed annually.

There were no other questions or comments.

VI. PUBLIC COMMENT II

There was no public comment.

VII. ADJOURNMENT

The meeting adjourned at 10:56: am