

3. Presentation by Cynthia Sneed, Finance Director, discussing the purpose and primary duties of the Audit Review Committee



Audit Review Committee

January 9, 2025

Item No. 3

Staff Report

TO: Audit Review Committee

FROM: Cynthia Sneed, Finance Director

DATE: January 9, 2025

SUBJECT:

Presentation by Cynthia Sneed, Finance Director, discussing the purpose and primary duties of the Audit Review Committee

Action Requested:

Accept the presentation.

Financial:

None.

Attachment:

PowerPoint Presentation

CITY OF BOULDER CITY

FINANCE DEPARTMENT

JANUARY 9, 2025



AUDIT REVIEW COMMITTEE



- The City Council established the Audit Review Committee (Resolution 5760) in June 2011
- This resolution has been replaced twice
- Resolution 7224 is currently effective

PURPOSE/PRIMARY DUTIES



- Overseeing the independent audit
- Recommendation for selection of independent auditor
- Resolution of audit findings

OVERSEEING AUDIT



- Overseeing the audit involves:
 - Reviewing the City's Comprehensive Annual Financial Report, which includes the Independent Auditors' Reports
 - Considering if it is complete and consistent with information known to committee members

OVERSEEING AUDIT



- Discussing the annual audit with the auditor and management, including any:
 - Difficulties encountered
 - Audit findings

OVERSEEING AUDIT



- Making a motion to recommend that the City Council accept or reject the City's financial statement audit and Comprehensive Annual Financial Report as presented

AUDITOR SELECTION



- Periodically the City solicits proposals from audit firms to perform the City's annual audit
- Generally, every 5 years

AUDITOR SELECTION



- The Audit Review Committee is responsible for:
 - Discussing the proposals with management
 - If requested, viewing audit firm presentations
 - Recommending selection of an audit firm to the City Council
- The Audit Review Committee last completed this process in 2018 and recommended selection of the City's current audit firm for fiscal years 2018 through 2024

RESOLUTION OF FINDINGS



- When audit findings are reported, the Audit Review Committee is responsible for:
 - Reviewing and discussing the findings with the auditor
 - Requiring management create a corrective action plan
 - Monitoring the implementation of the corrective action plan to ensure audit findings are corrected

RESOLUTION OF FINDINGS



- The City had no audit findings reported for fiscal years 2018 through 2023.
- Fiscal Year 2024 received one finding.

MANAGEMENT RESPONSIBILITY



- Preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States
- Design, implementation and maintenance of internal controls to ensure the financial statements are free from material misstatement

AUDITOR RESPONSIBILITY



- Plan and perform the audit:
 - In accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*
- Express an opinion on the City's financial statements based on the audit

AUDITOR RESPONSIBILITY



- An audit performed in accordance with applicable professional standards is designed to obtain reasonable (not absolute) assurance about whether the City's financial statements are free from material misstatement

AUDITOR RESPONSIBILITY



- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements
- The procedures depend on the auditor's judgment, including assessment of the risk of material misstatement of the financial statements, whether due to fraud or error
- Often includes the use of sampling methodology

AUDITOR RESPONSIBILITY



- An audit also involves evaluating the:
 - Appropriateness of accounting policies used
 - Reasonableness of significant accounting estimates made by management
 - Overall presentation of the financial statements

AUDIT RESULTS



- The fiscal year 2024 audit results will be presented by the City's auditors in the next agenda item

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Any Questions?