



Moraga-Orinda Fire District

Board of Directors

AUDIT COMMITTEE MEETING

April 18, 2022 – 11:00 AM

This meeting will be conducted by webinar and teleconference only in accordance with AB 361. To protect our residents, officials, and staff, and in accordance with AB 361, all public meetings are being conducted electronically to prevent imminent risks to the health or safety of attendees. The meeting is not available for in-person attendance. Members of the public may attend the meeting by video or phone linked in this agenda.

PLEASE NOTE TELECONFERENCE MEETING INFORMATION:

To join the Meeting:
By Phone: 1-669-900-6833

Please click the link below to join the webinar by Zoom:
<https://us02web.zoom.us/j/84419013236>

Webinar ID: 844 1901 3236

Public Participation is encouraged by joining via the ZOOM link or the dial-in information above. You can access it either via a smartphone or computer App (Zoom) or via phone.

Live Public Comment can be provided via the Zoom app (during public comment) by the raise hand feature. If participating by phone, dial *9 to *raise your hand*. Staff will call on participants by the name provided or last 4 digits of phone number for dial-in attendees. When your name or number is called, a notification is sent requesting that you unmute your microphone. Participants will be called in the order of hands raised to comment.

Written Public Comment can be provided via email at info@mofd.org.

- Emails received by **3pm** on the day of the meeting will be forwarded to the Board of Directors. Emails will be made a part of the public record and available to view by 5pm on the day of the meeting by following this link mofd.org/agendas
- Comments may also be submitted by e-mail during the meeting up until the closure of the public comment period on the relevant agenda item. These will be read into the record by staff at their normal cadence and will be limited to a maximum of 3 minutes. To be read into the record, email must contain in the subject line "Public Comment – Not on the Agenda" or "Public Comment – Agenda Item #" with the relevant agenda item indicated.

The meeting will be live streamed via the MOFD YouTube Channel. A link is accessible via the District's website.

1. **OPENING CEREMONIES**

- Call the Meeting to Order
- Roll Call

2. **PUBLIC COMMENT – ITEMS NOT ON THE AGENDA**

At the beginning of each regular District Board meeting, any member of the public may address the District Board concerning any item not on the Board's agenda but within the subject matter jurisdiction of the Board. Speakers will be limited to three (3) minutes unless otherwise specified by the Presiding Officer. The public will be given an opportunity to speak on each agenda item at the time it is called. The Board may discuss and/or take action regarding any or all of the items listed below. Once the public comment portion of any item on this agenda has been closed by the Board, no further comment from the public will be permitted unless authorized by the Board and if so authorized, said additional public comment shall be limited to the provision of information not previously provided to the Board or as otherwise limited by order of the Presiding Officer or the Board.

3. **CONSENT AGENDA**

3.1 Audit Committee Meeting Minutes – October 25, 2021

Staff Recommendation: Receive and File

[10-25-21 AUDIT Committee Minutes DRAFT.pdf](#)

4. **REGULAR AGENDA**

4.1 **Review the External Auditors' Audit Plan and Anticipated Non-audit Services, and the Scope and Activities of the Audit**

Staff Recommendation: 1) Discuss; 2) Provide Direction; 3) Approve auditors' audit plan and the scope of any non-audit services

[Audit Planning Meeting - Director Jex.pdf](#)

5. **ADJOURNMENT**

The Moraga-Orinda Fire Protection District ("District"), in complying with the Americans with Disabilities Act ("ADA"), requests individuals who require special accommodations to access, attend and/or participate in District Board meetings due to a disability, to please contact the District Chief's office, (925) 258-4501, at least one business day prior to the scheduled District Board meeting to ensure that we may assist you.

Any disclosable public records related to an open session item on a Regular meeting agenda and distributed by the Moraga-Orinda Fire District to a majority of members of the Board of Directors less than 72 hours prior to that meeting are available for public inspections at 1280 Moraga Way, Moraga, during normal business hours.

I hereby certify that this agenda in its entirety was posted on April 5, 2022, at the Moraga and Orinda Fire Administration offices, Stations 41, 42, 43, 44, and 45 and electronically at www.mofd.org/agendas. Agenda provided to the Moraga Town Office (Hacienda) and Orinda City Hall.



Marcia Holbrook
District Secretary/Clerk



BOARD OF DIRECTORS
Audit Committee Minutes
October 25, 2021
(Draft / Pending Approval)

1. OPENING CEREMONIES

The Audit Committee convened a teleconference Open Session at **2:01 p.m.** on **October 25, 2021**, via the Zoom application <https://us02web.zoom.us/j/83301128344>, webinar id: 83301128344 or by phone 669-900-6833. This meeting was conducted by webinar and teleconference only in accordance with AB 361. The meeting was not available for in-person attendance.

Present were the following Directors and Staff:

Director Danziger	Gloriann Sasser, Admin Services Director	Marcia Holbrook, District Clerk
Director Jex	Mary Smith, Finance Manager	
Dave Winnacker, Fire Chief	Ahmad Gharaibeh, Partner Eide Bailly LLC	

2. PUBLIC COMMENT - ITEMS NOT ON THE AGENDA

There were no comments from members of the public.

3. CONSENT AGENDA

3.1 Audit Committee Meeting Minutes – May 13, 2021

Director Jex asked if there were any questions or comments relating to the May 13, 2021, Audit Committee meeting minutes. There being no further questions or comments, the minutes of the Audit Committee Meeting on May 13, 2021, were accepted as written. Director Jex requested an update on items discussed during the May 13, 2021 meeting. Mr. Gharaibeh advised the information would be covered under the regular scope of the audit on the regular agenda.

4. REGULAR AGENDA

4.1 Discussion, Questions, and Review of the 2021 Audit with Audit Partner- Independent Auditor - Eide Bailly.

Ahmad Gharaibeh, Partner Eide Bailly LLC provided an overview of the audit process. The audit is performed in three general phases (review, confirmation, and reporting). The scope of the audit ensures financial statements are fairly stated and that financial reports comply with Governmental Accounting Standards Board (GASB) reporting requirements. Mr. Gharaibeh announced GASB eliminated the acronym CAFR as of 2023 and changed the name Comprehensive Annual Financial Report (CAFR) to Annual Comprehensive Financial Report (ACFR). The report will reflect the change. Director Danziger and Director Jex agreed.

Mr. Gharaibeh stated the audit has been completed pending the Board's approval and proceeded to review and answer the questions provided in the packet. Many of the answers are "yes" or "no." A "yes" indicates a reportable condition. A "no" indicates no reportable condition. Based on the format of the questions, there are no reportable conditions, no adjustments, no difficulties, no disagreements encountered during the performance of the audit, and no changes in the accounting principles used in the current year or upcoming years. There were no significant changes in equity. The financial statements show equity is \$18M in the general fund, \$26M overall on the modified accrual basis of accounting, and negative on the full accrual basis of accounting. Mr. Gharaibeh explained there are two sets of financial statements. The Fund financial statements are the general fund, capital project funds, and debt service fund. The second set of financial statements is on a full accrual basis. The pension plans made significant money over the past two years due to stock market performance. The report will show a \$5M change in the net position related to pensions. Director Jex asked if the amounts were amortized over five years. Mr. Gharaibeh confirmed.

Mr. Gharaibeh reported no conflicts of interest were found related to party transactions. Mr. Gharaibeh reviewed the question related to what the organization can do to reduce the audit time and asked if the question was in terms of the publication of the financial statement or the performance of the audit. The audit is typically done by late August or the beginning of September and is on hold until the valuations become available. The audit process has been efficient for the past two years. Eide Bailly LLC is acquainted with the records and has all the memos and templates well structured. The ability to issue a letter sooner than the current timeline depends on the pension plans and published reports. Mr. Gharaibeh stated there are no other items that need to be discussed with the audit committee. The

financial statements are confirmed and fairly stated. Director Jex asked if the information furnished to the Actuaries is also confirmed. Mr. Gharaibeh explained that the audit standards require testing the list of the individuals (active and retired). The Auditor reviews all terminations, additions, or separations of employees listed to ensure the census or data submitted to the Actuary is complete. The committee members continued to ask the following questions to Mr. Gharaibeh.

Director Jex: Any pending or threatened lawsuits found to have a material effect on the financial statements? Did Management provide adequate disclosures within the financial statements? **Answer: Renne Public Law Group confirmed no significant litigation against the District.**

Director Jex: Any difficulties encountered in obtaining management representations? **Answer: None; however, the representation letter has not been issued but does not anticipate any difficulties.**

Director Danziger: Did the audit find any overall significant findings? **Answer: None. Mr. Gharaibeh reviewed a comment from the prior audit. Management implemented the necessary change regarding the segregation of access to two modules.**

Director Jex: Any past audit adjustments? **Answer: None.**

Director Danziger: Any new laws or reporting requirements that need to be implemented? **Answer: nothing of significance and did not foresee any within the next couple of years.**

Director Danziger: Are the changes by the GASB implemented when needed or on a cycle? **Answer: the changes are done every few years. Typically, two to three GASB changes in each fiscal year. The GASB has discussed a significant change called the financial reporting model for the last three years, which will affect the financial statements. The change may or may not happen due to the complexity of the change.**

Director Jex: Did the audit perform a thorough review and recommendations focusing on control, compliance, collection, and recovery related to deployment activity? **Answer: The Auditor sampled 23 items throughout the year and found no exceptions.** Director Jex inquired about the Strike Team receivables. ASD Sasser confirmed that the Strike Team receivables were recorded and tested during the audit. Director Jex assumed the receivables could not be confirmed. Mr. Gharaibeh agreed and explained the audit process for testing the receipts and the billing.

Director Jex: Were there any discussions regarding the possible impairment of any assets (terms of fixed assets)? **Answer: None to report that would require impairment of capital assets.**

Director Jex reviewed the comment made during the May 13, 2021, Audit Committee meeting regarding the Administration Staff and the need for additional resources if MOFD assumed more extensive projects. The District has received a \$7M grant that will result in significant additional work activity. ASD Sasser commented that the \$7M grant contract is under negotiation. Fire Chief Winnacker added that no additional staff would be needed. Any additional resources will be on a contract basis specific to the fuel break.

Director Danziger: Did the audit confirm the fund balance was at 42.8% of our budgeted general fund revenue? **Answer: All of the various revenues were confirmed. The fund balance was recalculated, with no exceptions found. How the fund balance is calculated is not included in the scope of the audit. The numbers used for calculation are part of the financial statements, and they are audited.**

Director Jex: During the May 13, 2021, Audit Committee meeting, there was a discussion about updating the current fraud policy to require fraud to be reported to the audit committee. **Answer: No fraud to report. Audit standards require any fraud to be reported to the governing Board. Mr. Gharaibeh deferred to Management and the Board on any policy updates.**

Director Jex: Does the Audit Committee Meeting satisfy the Auditor's requirement to meet with at least one board member. **Answer: yes.**

Director Jex: During the May 13, 2021 audit committee meeting, there was a discussion on possible changes in the report's introductory section relating to goals, objectives, and ideas. A discussion was held regarding the difference in the MOFD annual report versus other agencies and how other agencies handle the introductory comments in the annual report. **Answer: Mr. Gharaibeh to review and see if any changes are necessary to the introductory section.**

No further discussion from the Audit Committee members. Director Jex suggested a reminder email be issued to the Directors regarding the ACFR.

There were no public comment requests to address the Committee.

5. ADJOURNMENT

At 2:46 p.m., the Audit Committee called for adjournment of the meeting.

Marcia Holbrook,

Marcia Holbrook
District Secretary/District Clerk

For an audio recording of this and other Board meetings, visit the www.mofd.org/agendas

DRAFT

AUDIT PLANNING MEETING

Meeting Objectives

To review the external auditors' audit plan and anticipated non-audit services, and the scope and activities of the audit.

Risks and Internal Controls

- *Operational business and financial risks identified by management and the auditors
- *Management overview
- *Fire Districts financial issues
- *Auditors' management letter for 2021
- *Problem areas noted in prior year's auditors' letter
- *Internal Control risks
- *Workplace and significant stress and strain control environment
- *Cyber security risks, ransomware attacks
- *Governmental rulemaking activities
- *Automate manual activities and improve efficiencies
- *Use of data analysis

Audit Firm

- *Audit firm developments, sufficiency of resources, engagement team communication, objectivity, professional skepticism
- *What are audit firm's quality control systems? Including implementation of technologies
- *What aspects of audit will be conducted remotely
- *What are the opportunities for improving efficiency
- *What worked well last year
- *What complexity does working remotely add to audit

Audit Scope in Light of Current Circumstances

- *Accounting and financial reporting developments
- *Significant changes in the organization's activities
- *Changes in accounting policies
- *Audit timing
- *Personnel being assigned to the audit
- *Planned reliance on internal accounting controls (including computer security programs)
- *Use of computer assisted auditing techniques
- *Review for fraud or other improprieties
- *Rotation of audit procedures
- *Estimated audit fees

Action

- *Approve auditors' audit plan and the scope of any non-audit services