

until they are in place and stabilized.

3. The work can be performed on a contract basis through Agreed Upon Procedures reports by *independent* accounting firms at a substantially reduced cost and greater levels of expertise than can be done by internal staff.

An “Agreed Upon Procedure” is a standard SBCERA would outline in hiring an external accounting firm to perform an audit on a specific test or business process. The procedures utilize audit standards, and would be designed and agreed upon with the external auditor. A firm or multiple firms would be selected based upon competitive Request for Proposals, in consultation with the Audit Committee. The approved FY 2020-21 budget includes \$45,000 for three Agreed Upon Procedures reports.

A copy of the Plan is attached as Exhibit A. Attached as Exhibit B is a table of Plan areas which Staff recommends for the Audit Committee’s consideration of areas for review during FY 2020-21. Some of the Plan activities may appropriately be combined into one Agreed Upon Procedure, and are noted as such on the matrix.

Notably, no recommendations are included for Information Services (“IS”) areas. Moss Adams has been contracted to perform an IS audit, including specific tests for cybersecurity risks. That work is expected to be completed in the fall of 2020, and the report will be provided to and discussed with the Audit Committee at its November meeting.

COMMITTEE REVIEW:

This item was reviewed by the Audit Committee at its June 18, 2020 meeting. The committee heard two motions, both of which passed with a 4-0 vote. The first motion recommended that the Board include a 7th category on the Audit Plan Matrix entitled “Governance & Compliance”. The second motion recommended that the Board approve categories 1, 3 and 7 for the Agreed Upon Procedures Reports during FY 2020-21.

BUDGET IMPACT:

Costs for this item are included in the current year administrative budget.

STRATEGIC PLANNING GOAL/OBJECTIVE:

Prudent Fiscal Management

STAFF CONTACT:

Debby Cherney
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ATTACHMENTS:

Exhibit A: Internal Audit Plan for FY 2019, 2020 and 2021
Exhibit B: Matrix for FY 2020-21 Agreed Upon Procedures