



Moraga-Orinda Fire District

Board of Directors

AUDIT COMMITTEE MEETING

September 14, 2023 – 5:00 PM

Sarge Littlehale Room
22 Orinda Way
Orinda, CA 94563

This meeting will be conducted in person only.

For In-person Attendees, face coverings are strongly encouraged and attendees are encouraged to be up-to-date on the COVID-19 vaccine. Social distance should be maintained when practical.

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.
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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 - May 19, 2023

Staff Recommendation: Receive and File

Attachment: [05-19-23 AUDIT Committee Minutes DRAFT.pdf](#)

4. REGULAR AGENDA

4.1 [Review and Discussion of Audit for Fiscal Year Ending June 30, 2023](#)

Staff Recommendation: 1) Discuss; 2) Provide direction to staff and auditors regarding audit for fiscal year ending June 30, 2023

Attachment A: [Questions for Management September 2023.pdf](#)

Attachment B: [External Auditor's Questions September 2023.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, and available on our website at www.mofd.org/agendas.

I hereby certify that this agenda in its entirety was posted on September 11, 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



Moraga-Orinda Fire District
BOARD OF DIRECTORS
Audit Committee Minutes
May 19, 2023
(DRAFT - PENDING APPROVAL)

1. OPENING CEREMONIES

The Audit Committee convened in Open Session at 4:30 p.m. on May 19, 2023, at the Sarge Littlehale Room, 22 Orinda Way, Orinda, California 94563. The meeting was available for in-person attendance only.

Present were the following Directors and Staff:

Director Hasler	Dave Winnacker, Fire Chief
Director Jex	Gloriann Sasser, Administrative Services Director

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 – April 6, 2023

The minutes from April 6, 2023, Audit Committee meeting were approved as submitted, with Director Jex making the motion and Director Hasler seconding the motion. The motion passed unanimously by voice vote 2-0 (Ayes: Hasler and Jex; Noes: None).

There were no comments from members of the public.

4. REGULAR AGENDA

4.1 Review and Discuss Proposals Received for Audit Services Contract; Discuss Next Steps to Determine Recommendation for Selection of Audit Firm or Determine Recommendation for Selection of Audit Firm for the Fiscal Years Ending June 30, 2023, through 2025 with an Option to Extend Two additional Years.

Administrative Services Director Sasser provided the report. Three qualifying proposals were received, and the firms were invited to provide a brief presentation of their proposal and participate in oral interviews. Each firm was allocated 30 minutes, with the first 15 minutes for a presentation and the remaining 15 minutes for a question and answer-session. ASD Sasser noted that Badawi & Associates sent an email stating that since the proposal was submitted, their firm was awarded several new contracts and retained one large client. The increase in business and client retention changed their capacity to meet the District's timeline for the 2023 year outlined in the RFP, and they would only be able to produce the 2023 Audit report in January 2024.

The firms presented and were interviewed by the Committee in the following order.

1. Maze & Associates (attended in person).
2. Badawi & Associates (attended in person)
3. Harshwal & Company (attended by Zoom)

Maze & Associates

The interview was attended by Whitney Crockett, CPA (Engagement Partner), Vikki Rodriguez, CPA, and Gustavo Arevalo (Supervisor) from Maze & Associates. David Alvey, CPA (Alternate Partner) was not able to attend. Maze & Associates provided an overview of their proposal and the firm's history, introduced the Audit team, highlighted partner experience, and discussed their services. Maze & Associates offers customized, one-on-one training for clients and annual training events (Maze Live). Following the presentation, Maze & Associates was asked a series of questions by the Committee.

Badawi & Associates

The interview was attended by Ahmed Badawi, CPA (Engagement Partner), and Mitesh Desai, CPA (Engagement Quality Reviewer). The remaining auditing team could not attend due to an Audit in progress. The presentation included an overview of their proposal, the history of the firm, partner experience, roles of the audit team, audit approach, and a review of the four phases of the audit and services. The firm provides IT expertise and acts as a technical resource for clients offering guidance on implementation and the potential impact of new developments. Following the presentation, Badawi & Associates was asked a series of questions by the Committee.

Harshwal & Company

The interview was attended by Sanwar Harshwal, CPA, CIA, CISA, CFE (Engagement Partner), and Garima Pathak, CPA (Audit Manager) via Zoom. The presentation included an overview of their proposal, the history of the firm, partner experience, roles of the audit team, and services. They offer a range of services, including auditing, accounting, management consulting, IT services, and other specialized services. Following the presentation, Harshwal & Company was asked a series of questions by the Committee.

At the conclusion of the interviews, the Audit Committee evaluated each firm based on audit experience of assigned staff within the last two years on audits of current audit clients of independent fire districts in the Bay Area and cities in the Bay Area (20%), number of hours by the assigned Partner for each cost item (20%), references and relevant work performed for independent fire districts in the Bay Area and cities in the Bay Area (20%), oral interview (20%) and cost (20%). The Committee held discussion and decided to recommend Maze & Associates based on the evaluation criteria.

Motion by Director Jex and seconded by Director Hasler to recommend Maze & Associates for audit services for the Fiscal Years Ending June 30, 2023, through 2025 with an Option to Extend Two additional Years to the Board of Directors. The motion passed unanimously by voice vote 2-0 (Ayes: Hasler and Jex; Noes: None)

There were no comments from members of the public. No further discussion by the Committee.

5. ADJOURNMENT

At 6:23 p.m., the Audit Committee called for the meeting adjournment.

Marcia Holbrook,

Marcia Holbrook

District Secretary/District Clerk

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Moraga-Orinda Fire District

TO: Board of Directors

FROM: Gloriann Sasser, Administrative Services Director

DATE: September 14, 2023

SUBJECT: **Item 4.1 Review and Discussion of Audit for Fiscal Year Ending June 30, 2023**

BACKGROUND

The District contracted with Maze & Associates to complete the audit for the fiscal year ending June 30, 2023. Staff will answer questions from the Audit Committee (Attachment A.) Representatives from Maze & Associates will attend the meeting and answer questions from the Audit Committee (Attachment B.)

RECOMMENDATION

Staff Recommendation: 1) Discuss; 2) Provide direction to staff and auditors regarding audit for fiscal year ending June 30, 2023

ATTACHMENT

[Attachment A: Questions for Management September 2023.pdf](#)
[Attachment B: External Auditor's Questions September 2023.pdf](#)

Questions for Management

- What was your reaction to the audit findings?
- Were there any disagreements between you and the external auditors? If so, how were they resolved?
- Are the financial statements fairly presented?
- What are the reasons for financial statement variations from the prior year?
- What was the substance of significant issues?
- Were any problems or difficulties identified as a result of the audit that we should know about?
- What is your opinion of the auditing services performed by the external auditors?
- Were any significant deficiencies or material weaknesses identified and communicated to us? Have these been remediated?
- Were there any errors or adjustments noted by you that were not recorded?
- What is your reaction to the suggestions contained in the external auditors' management letter?
- What actions do you contemplate in response to these suggestions?
- What is your evaluation of the external auditors' services this past year?
- What significant changes do you foresee for the organization this year?
- Are there any other items that should be discussed with the audit committee?
- Please describe the organization's conflict of interest policy, and how it is monitored. Are there any transactions with related parties? What? With whom? Why? Were they approved by the board, and, if the person with the connection to the related party is a board member, did that person completely abstain from discussion and voting on the matter?
- Have the auditors made any recommendations for improvements in controls? Have these recommendations been implemented?
- Do you believe that our operating reserves are adequate? If not what are we doing about it?

External Auditor's Questions

- Did the scope of the audit differ from the audit plan?
- Were you provided with all the information you requested?
- Did you observe any areas of serious concern over the districts control environment? Were any integrity or honesty concerns noted?
- Did you detect any material errors, fraud, illegal acts or significant deficiencies or material weaknesses in the internal control system?
- Were there any significant changes in financial statement amounts from the prior year?
- Did you have enough time to complete all phases of your audit?
- Will your opinion be unmodified?
- Did management consult with you on tax matters? Is the liability for taxes adequate to cover potential assessments?
- Were there any disagreements regarding accounting, auditing or reporting matters between you and management? If so, how were they resolved?
- Did management pressure you on contentious issues?
- Were any adjustments or disclosures proposed by you not recorded by the organization?
- Are there any unresolved matters?
- Are the accounting principles used by the organization overly conservative or aggressive? What would be the effect of using alternative principles? Do the accounting principles conform to industry practice?
- Were there any changes in accounting principles?
- How did you satisfy yourself as to the reasonableness of any significant accruals or estimates made by management (e.g., doubtful accounts, valuation allowances, environmental contingencies, etc.)?
- Were there any unusual items that affected the change in net assets? Are they properly accounted for and will they be adequately disclosed?
- Did you review information furnished to others (e.g., actuaries)?
- Are you satisfied that there is no substantial doubt about the organization's ability to continue as a "going concern?" General fund reserve due to risks
- When do you expect to issue your report?
- Are there any significant concerns about information systems and their ability to process, record and report financial transactions?
- Were there any related party transactions noted as a result of your audit? Are the transactions properly recognized and disclosed in the financial statements?
- How did you satisfy yourself that pending or threatened lawsuits are not likely to have a material effect on the financial statements? Has management provided adequate disclosures within the financial statements?
- What is management's attitude toward establishing strong internal controls? Does it set an effective example for the entire organization?
- Are there any material weaknesses in the organization's internal controls that have not been remediated, including computer security controls? Are appropriate changes being instituted?

- Did you encounter any difficulties in obtaining the management representation letter or any specific representations?
- What is your general assessment of the integrity and competence of the organization's financial, accounting, computer staffs
- How do actual engagement fees incurred for the year compare to the estimated fees?
- What can the organization do to reduce the audit time?
- What are the advantages to the organization in continuing its relationship with your firm?
- Are there any other items that should be discussed with the audit committee?