

**AUDIT COMMITTEE OF THE
ARIZONA COMMERCE AUTHORITY BOARD OF DIRECTORS
PUBLIC MEETING MINUTES**

**Monday, September 25, 2017 at 2:00 P.M.
118 North 7th Avenue, Suite 400 Phoenix, AZ 85007
(Some Members of the Committee appeared telephonically)**

I. Call to Order and Roll Call

Audit Committee Chair Victor Smith called the Arizona Commerce Authority Audit Committee to order at 2:06 p.m. The meeting was noticed and properly posted. Quorum of voting members present.

Committee Members present via conference call

Victor Smith, Chairman
David Goldstein, Member

ACA Staff present

Ken Burns, CFO
Danielle Mowery, Controller
Jamie Hogue, SVP Operations

Others Present

Ronald Stearns, Principal, CliftonLarsonAllen, LLP
Jean Dietrich, Director, CliftonLarsonAllen, LLP

II. Welcome

Audit Committee Chair Victor Smith welcomed ACA staff and CliftonLarson Allen, LLP representatives to the meeting.

III. Approval of October 26, 2016 Minutes*

Mr. Goldstein moved to approve the minutes of the October 26, 2016 meeting. Chair V. Smith seconded. Motion approved.

IV. Presentation by CliftonLarsonAllen, LLP of Fiscal Year 2017 Financial Audit Results



V. Items for Discussion and Possible Action

a. Approval of Fiscal Year 2017 Financial Audit Report Issuance

Jean Dietrich introduced herself to the Audit Committee members and indicated that she would be providing an overview of the ACA's Fiscal Year 2017 Financial Statements, including the Management's Discussion and Analysis and Notes. Ms. Dietrich indicated that CliftonLarsonAllen, LLP would be issuing a clean, unmodified financial audit opinion.

Jean Dietrich provided an overview of the Management's Discussion and Analysis and asked if there were any questions. No questions posed.

Jean Dietrich provided an overview of the Fiscal Year 2017 Financial Statements, identifying changes from the format used the previous year.

Mr. Goldstein requested that additional detail be included on the "General & Administrative" expenditures line item on the *Statement of Revenues, Expenditures and Changes in Fund Balances – Government Funds* table used to capture more than \$15.8 million in expenditures.

Ron Stearns and Ken Burns both concurred with Mr. Goldstein's request and indicated that the discretionary grant portion of that line item, approximately \$12.8 million would be pulled out and identified on a separate line leaving approximately \$3 million on the "General & Administrative" line.

Jean Dietrich provided an overview of the notes to the financial statements, highlighting the changes from the previous year.

Ron Stearns provided an overview of the internal controls letter and highlighted that a material weakness would be included in the internal controls letter, but that the material weakness only applied to the Arizona Innovation Accelerator Fund portion of the governmental statements and that the disclosed error was made in Fiscal Year 2016 based on the advice of CliftonLarsonAllen, LLP.

Jean Dietrich completed her presentation and provided an overview of the additional edits and updates that would be made before the Fiscal Year 2017 Financial Audit Report was finalized.

Mr. Goldstein moved to approve the Fiscal Year 2017 Financial Audit Report, including the edits and updates outlined by Ms. Dietrich. Chair V. Smith seconded the motion. Motion approved.

Chair V. Smith thanked the auditors for their work.

b. Approval to proceed with Request for Proposal (RFP) of Audit Services

Chair V. Smith asked Ken Burns to provide an overview of the RFP process for audit services.

Mr. Burns indicated that the ACA has exhausted all extensions with CliftonLarsonAllen, LLP and that the ACA is now obligated to prepare a new RFP for audit services. Mr. Burns suggested that an internal team at the ACA could manage the RFP process and provide recommendations to the Audit Committee. The Audit Committee would then provide the final approval of the vendor that will be used for audit services.

Mr. Goldstein asked Mr. Burns if any variables other than price would be used to select the successful auditing firm.

Mr. Burns informed the Audit Committee that an audit firm's expertise is just as critical in the selection process, given the ACA's complex accounting requirements.

Mr. Goldstein moved that the ACA proceed with a request for proposal of audit services. Chair V. Smith seconded. Motion approved.

VI. Call to the Public

No public present.

VII. Adjournment

Mr. Goldstein moved to adjourn the Arizona Commerce Authority Audit Committee meeting. Chair V. Smith seconded. Motion approved. Meeting adjourned at 2:42 pm.