

EVERETT SCHOOL DISTRICT No. 2
Resolution No. 1059
Board of Directors Audit Committee

WHEREAS, the Everett Public Schools Board of Directors continues to be deeply committed to the effective operation of the Everett School Board in order to provide positive, constructive governance and leadership for the district; and

WHEREAS, the board of directors recognizes that RCW 28A.330.090, Auditing committee and expenditures, states "All accounts shall be audited by a committee of board members chosen *in such manner as the board so determines* to be styled the "auditing committee"; and

WHEREAS, the board of directors has for more than 25 years deliberately engaged all directors in the auditing process through a committee of the whole; and

WHEREAS, the board of directors has determined that the most effective way to ensure knowledgeable director participation in understanding and oversight of district finances is to include all members in the audit process; and

WHEREAS, the State Auditor's Office has determined that the board of directors "has the ability to establish an audit committee and it can be the entire board," and that the Everett School District "is not in violation of the law since the whole board is the audit committee"; and

WHEREAS, the board of directors, as required by Policy 1331, Approval of Disbursements – Audit of Expenditures, at each regular board meeting reviews and considers for approval all disbursements made by the district from each of its funds since the board's last regular meeting; and

WHEREAS, the board of directors reviews and considers for approval monthly budget status reports for each district fund, which include the most current fiscal activity by summary accounts per WAC 392-123-115 and additionally reviews detailed reports on general fund revenues, expenditures, investments and year-end fund balance projections; and

WHEREAS, the board of directors reviews a quarterly financial report containing a compilation of information provided in the accumulated monthly financial reports; and

WHEREAS, the Everett Public Schools is one of few districts in the state that voluntarily prepares a Comprehensive Annual Financial Report in compliance with Governmental Accounting Standards Board Statement No. 34, which the board of directors reviews annually, and which is independently reviewed by outside agencies and national associations, including the Washington State Auditor's Office, Association of School Business Officials International, and the Government Finance Officers Association, which has received the Certificate of Excellence in Finance Reporting for 25 consecutive years; and

WHEREAS, the board of directors annually is scheduled to participate in the State Auditor's Office "audit entrance conference" at the onset of the annual state audit process, at which the auditor-in-charge presents the plan for the yearly audit to the board and others, and at which directors may suggest areas for additional audit review, and to participate in the "audit exit conference," at which the state audit team presents the results of its annual financial and compliance audit to the board of directors and others, and at which directors may ask questions of the auditors and staff; and

WHEREAS, the board of directors is aware of and appropriately reviews substantive issues raised by the periodic audits and/or reviews of the district conducted by outside agencies, including the Washington Office of the Superintendent of Public Instruction, Washington State Board of Education, Washington State Patrol, Washington State Public Disclosure Commission, the U.S. Office of Civil Rights, the U.S. Department of Education, the U.S. Internal Revenue Service, the U.S. Department of Agriculture, the Snohomish County Auditor, the Snohomish County Treasurer, and others; and

WHEREAS, On April 9, 2013, Snohomish County Superior Court Judge Anita Farris rejected as legally and factually insufficient the recall petitions Rodman Reynolds had filed against each member of the board, which alleged that the board had not established an auditing committee; and

WHEREAS, the board of directors observed at the court hearing on April 9, 2013 that petitioner Rodman Reynolds was unable to cite any "legally sufficient" wrongdoing, discrepancy, malfeasance, error, or omission on the part of any member of the board of directors; and

WHEREAS, the board of directors heard Judge Farris' statement that she did not know if Rodman Reynolds was the true petitioner, or whether the petitioner had read any of the district's auditing reports and could cite actual errors; and

WHEREAS, District counsel recommends a change in Policy 1130 to style committees of less than five directors "subcommittees of the board" for clarification purposes and adoption of a resolution confirming the district's historical practice of conducting its audit functions by a committee of the whole as authorized by the Washington State Auditor and RCW 28A.330.090 and as recognized by Judge Anita Farris in her ruling on April 9, 2013;

NOW, THEREFORE, BE IT RESOLVED: That the board of directors determines that immediate action on the proposed revision to an existing policy is warranted, and that immediate adoption is in the best interest of the district; and

BE IT FURTHER RESOLVED: That the board of directors expressly states and affirms that the district's audit committee is a committee of the whole; and

BE IT FURTHER RESOLVED: That the board of directors hereby appoints and ratifies its prior appointment of all of its members to the audit committee to act as a committee of the whole; and

BE IT FURTHER RESOLVED: That the board of directors commits itself to continuing the high levels of involvement, oversight, and appropriate audits of the district's financial operations that has resulted in sound financial practices and financial reporting awards.

Adopted by the Board of Directors at its regular meeting this 16th day of April, 2013.

BOARD OF DIRECTORS



JEFF RUSSELL, President



CAROL ANDREWS, Vice President



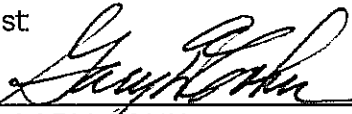
ED PETERSEN, Board Member



PAM LESESNE, Board Member

JESSICA OLSON, Board Member

Attest:



DR. GARY COHN
Superintendent & Secretary to the Board of Directors
Everett School District No. 2