

# CALIFORNIA RICE RESEARCH BOARD

## Audit Committee

### Agenda

Tuesday, July 23, 2019 – 10:00 a.m.  
RRB Board office, 1505 Starr Drive  
Yuba City, CA



For further information contact Dana Dickey, PO Box 507, Yuba City, CA 95992  
Phone: 530-673-6247 • web site: [www.syix.com/rrb/meetings.htm](http://www.syix.com/rrb/meetings.htm)

- 1) Establish Quorum and Introductions
- 2) Approval of minutes of 2/15/19
- 3) Public Comments on Agenda Items. Time allocation per speaker limited to two minutes
- 4) Examination of books and records (Prior examinations: 10/98, 12/99, 2/03, 8/03, 5/05, 3/06, 4/07, 7/08, 6/09, 6/10, 11/11, 1/13, 4/14, 2/15, 1-3/16, 9-11/16, 3-5/18)
- 5) Investment report, LAIF and CD's
- 6) Equipment list report
- 7) Review of operational guidelines
- 8) Adjournment

- Each of the Agenda Items above will include discussion and possible action by the Board. All meetings of the Rice Research Board are open to the public and subject to the Bagley-Keene Open Meeting Act. All interested parties are invited and encouraged to attend the meeting. Time will be allowed for members of the public to make comments on each Agenda item. This time will be limited to two minutes per person for each Agenda item.
- Persons with Disabilities needing special accommodation should contact Dana Dickey, Manager, Rice Research Board at 530-673-6247 at least five days prior to the meeting.
- This Meeting Notice and Agenda is available on the California Department of Food and Agriculture's Website at [www.cdfa.ca.gov/mkt/meeting.html](http://www.cdfa.ca.gov/mkt/meeting.html). For further information regarding the Agenda for this meeting, please contact Dana Dickey, Manager, Rice Research Board at 530-673-6247.

# CALIFORNIA RICE RESEARCH BOARD

**Audit Committee**  
Minutes of Meeting  
February 15, 2019  
RRB Office, Yuba City, California

A meeting of the Rice Research Board Audit Committee met at the Board office. The meeting was called to order on Friday, February 15, 2019 at 11:55 a.m. Roll was taken, showing that a quorum was present with the following in attendance:

**Committee Members**

Jason Bowen  
Drew Rudd  
Kay Siller  
Gil Stresser

**Staff**

Dana Dickey

**Guests**

Scott Faeth, BC&F  
Hector Gonzales, BC&F

**Minutes of 7/17/18**

On a motion by Stresser, seconded by Rudd, the minutes of the 7/17/18 meeting were approved.

Motion (PASS) as follows:

**Ayes:** Rudd, Stresser

**Noes:** 0

**No Votes Recorded:** 0

**Abstentions:** 0

**Interview with the Auditor**

The primary purpose of this meeting was to allow the Committee to meet the auditor and ask questions about procedures and methods. The auditing firm, Borchardt, Corona & Faeth, was represented by one of the principals, Scott Faeth. After introductions, the meeting was moved to the City Café restaurant so that the discussion could occur over lunch.

The auditor covered a number of topics as follows:

- A Governance letter was sent directly to the Chairman. The involvement of the Board chairman is now a part of the audit process and this gives unfiltered access by the Chairman to the auditors. This letter outlines any problems with the audit or issues that the auditor wants to communicate directly with the governing body.
- The Management letter was covered including the usual problem with segregation of duties. The problem is primarily on the income side due to checks that are deposited directly without any oversight. The expenditure side has a verifiable limit of \$300 on a check without two signatures, with a few exceptions noted in the Policy Manual. The auditor discussed the fact that accounting software is a means to an end, not a control.
- The auditor asked the Committee members about any known fraud among those who pay assessments. He also asked about any known handlers that are not paying assessments. Auditors noted that two small handlers had not reported during the audit period, when they had reported in the prior year. These two handlers have been contacted by Dickey and he will follow up on the lack of reporting.
- The auditor discussed subsequent events affecting the Board. None were noted for 2017-18. Committee members confirmed that a RRT donation was in the budget, but would not be finally decided until August, 2019.

- Related party transactions were also questioned. The Committee did not know of any circumstance where a family member had been hired or any preferential treatment given.
- In regard to commitments, the RRB has not used an attorney and is not under litigation at this time.
- In the area of expenses the auditor went over the test work that they perform, including: checking for the proper year of posting, supporting documentation, verification of dual signatures, payroll taxes deposited in a timely manner, contracts made for any appropriate expenditures, travel expenditures, verifying all contracts for correct amount paid and correct signatures.
- The auditor agreed that the Audit Committee review of a quarter each year is a good procedure and should continue. It was suggested that the Audit Committee consider mixing things up by selecting three random months rather than just three consecutive months. Good to see no issues were found and that the Audit Committee review is being performed in accordance with the RRB policies.
- Research contracts were examined for dual signatures and valid contracts. It was noted that the handler audits performed by Munn, Urrutia, Nelson CPA's needed the agreement signed to perform the audits.
- The contribution to the Rice Research Trust was examined through the RRT audit. It was noted that activity appears to be in compliance with the grant agreement.
- Revenue is checked by sending out verification requests to selected handlers. A comparison of the amounts that the records show to their own accounting is requested. The revenue for selected handlers was verified, comprising about 30% of the assessment income. The auditors also compared the assessment amounts year-to-year, looking for large variations. TRQ funds for the EU and Colombia will be verified through verification requests.
- Handler audits conducted during the audit period were examined as well.
- The LAIF balance is verified and the funds invested are checked for compliance with the RRB investment policy.

Because BC&F does the Compliance Audit in addition to their fiscal audit, there are a number of additional points that were covered.

- The internal controls are similar to prior years. This includes no segregation of duties, no posting review by another person and reconciliation not performed by another employee. The auditor emphasized the importance of the Audit Committee's review of cash receipts in July each year.
- The cash receipts register is not regularly reviewed by anyone other than the manager due to having only a single employee. Due to confidentiality and the sensitive nature of the handler financial data, it would be unadvisable to share this information with Board members.
- Travel expenses were examined and no issues were noted.
- A sample of 5 of the 23 contracts were examined. No exceptions were noted.

There being no further business, the meeting was adjourned at 1:25 p.m.



I, Dana Dickey, Manager of the California Rice Research Board, do hereby certify, that to the best of my knowledge, the foregoing is a true and correct copy of the minutes of a meeting of the California Rice Research Board Audit Committee held on February 15, 2019 at the RRB Office and City Cafe in Yuba City, California.

A handwritten signature in cursive script that reads "Dana Dickey".

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Dana Dickey, Manager