

**Tucson Unified School District No. 1
Governing Board Audit Committee Meeting
Board Conference Room, Morrow Education Center
1010 East Tenth Street
Tucson, Arizona 85719**

**February 15, 2013
2:00 p.m.**

MINUTES

Committee Members Present:

Cliff Altfeld, Chair
J. Thomas House
Charles M. Kill
Jimmy J. Lovelace

Committee Members Absent:

Robert O'Toole, Co-Chair

Others Present:

Corey Arvizu, CPA, Heinfeld, Meech & Co., P.C.
Casey R. Good, CPA, Heinfeld, Meech & Co., P.C.
John J. Pedicone, Jr., Ph.D., Superintendent
Yousef Awwad, Chief Financial Officer, Financial Services
Mary Alice Wallace, Director of Staff Services to the Governing Board
Michele C. Gutierrez, Senior Staff Assistant I to the Governing Board
Alexis Huicochea, Arizona Daily Star

ITEM

ACTION

MEETING CALLED TO ORDER – Cliff Altfeld called the meeting to order at 2:03 p.m.

CALL TO THE AUDIENCE

The following are the names of the individuals who spoke and the subject of their comments:

No action required.

Lillian Fox – Information on Board meetings and board items posted to TUSD websites for public to view.

Franklin Sax – Informed the Audit Committee that he came back to continue to learn more about the committee.

ACTION ITEMS

1. Approval of January 25, 2013 Minutes

Jimmy Lovelace moved approval.
Tom House seconded.
Approved 4-0.
Robert O'Toole was not present at the meeting.

STUDY/ACTION ITEMS

2. Introduction of New Governing Board Members

No Action Required, discussion only.

Cliff Altfeld commented that the new Governing Board members couldn't make it to the committee meeting, but a invitation would be issued to new Governing Board members Cam Juárez and Kristel Ann Foster to attend any future meetings

3. Heinfeld, Meech & Co.

- CAFR

No Action Required, discussion only.

6. Annual Financial Report and Revisions

Corey Arvizu and Casey Good presented in detail to the committee the CAFR. Corey Arvizu reported that Heinfeld, Meech was in the 4th year of the 5 year contract with TUSD. He proceeded to go over some of the keys parts of the CAFR. Casey Good went over the auditing process for the different audits that are conducted for TUSD. They answered the committee's questions and concerns.

Item number six was included with the presentation of the CAFR made by Heinfeld, Meech & Co.

Other persons commenting, asking questions, or providing information were Cliff Altfeld, J. Thomas House, Chuck Kill, Jimmy Lovelace, Yousef Awwad and John Pedicone.

4. Update on ERP Process

No Action Required,
discussion only.

Yousef Awwad reported that since his last report to the Audit Committee, the District has completed the business process engineering project. The District is in its second phase which is the assessment of the ERP. Part of the assessment will include contact with the different districts who have implemented Lawson. In May, a report will be completed to show the determination of which direction the Districts needs to take.

Persons commenting, asking questions, or providing information were Cliff Altfeld, J. Thomas House, Chuck Kill, Jimmy Lovelace, Yousef Awwad and John Pedicone.

7. Recommendation for the District to Hire Internal Audit Staff

Jimmy Lovelace
moved approval.
Tom House
seconded.
Approved 4-0.

Tom House presented a draft of a letter to send to the Governing Board.

Jimmy Lovelace made a motion to recommend hiring an Internal Auditor.

Persons commenting, asking questions, or providing information during a lengthy discussion were Cliff Altfeld, J. Thomas House, Chuck Kill, Jimmy Lovelace, Yousef Awwad and John Pedicone.

5. Status of District Cash Flow and Status of Expenditure vs. Budget

No Action Required,
discussion only.

Yousef Awwad explained to the committee that the State currently has what is called a “roll over” in which the State borrows from the school districts which is worth about a quarter of the District’s annual funding. The cash reserve is necessary so the District does not run in the red. There’s a bill pending in the legislature that if the school district has cash, they will have to use that first before the State gives them money regardless of the budget capacity.

Other persons commenting, asking questions, or providing information were Cliff Altfeld, J. Thomas House, Chuck Kill, Jimmy Lovelace and John Pedicone.

9. Recent Monthly Financial Report to the Governing Board

No Action Required,
discussion only.

Yousef Awwad gave an update to the committee. With the Governing Board adopting the closures of eleven schools the District would save 3-4 million. Based on those standards the District will be proposing further recommendations to the Governing Board such as the reduction of staffing, medical insurance, benefits, personal furlough days, and a cut across the board.

Other persons commenting, asking questions, or providing information were Cliff Altfeld, J. Thomas House, Chuck Kill, Jimmy Lovelace and John Pedicone.

8. Proposed Agenda Items and/or Additional RFI's
- a. USFR Compliance – Questionnaire Comments
 - b. Accounting Records
 - c. Cash Handling
 - d. Capital Assets Control
 - e. Expenditures
 - f. Procurement
 - g. Payroll
 - h. Financial Reports
 - i. Student Attendance Reporting
 - j. Students Accounts – Soon
 - k. Auditor General Internal Controls
 - l. After-the-Fact Purchase Orders
 - m. Annual Single Audit Reporting Package (Each Year)

No Action Required,
discussion only.

No items were added.

Other persons commenting, asking questions, or providing information were Cliff Altfeld, J. Thomas House, Chuck Kill and Jimmy Lovelace.

10. Communication with Governing Board

Not Addressed.

11. Meeting Date/Time

No Action Required,
discussion only.

The next scheduled Audit Committee meeting is March 22, 2013.

12. Future Agenda Item(s)

No Action Required,
discussion only.

Jimmy Lovelace requested the USFR and A133 Audits be placed on the agenda for the next scheduled meeting.

MEETING ADJOURNED 3:43 p.m.

Jimmy Lovelace
moved approval.
Tom House
seconded.
Approved 4-0.
Robert O'Toole was
not present at the
meeting

Approved this 22nd day of March, 2013.

TUSD GOVERNING BOARD AUDIT COMMITTEE

By _____
Clifford Altfeld
Audit Committee Chair

mcg
02-15-13 Audit Committee/Minutes