

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

**April 28, 2017
2:00 p.m.**

MINUTES

Committee Members Present:

Lori K. M. Cox, Chair
Charles Andrade
Jimmy Lovelace
Karla Soto, Chief Financial Officer
Victoria Soto
Rachel Wall

Committee Members Not Present:

None.

Others Present:

Renee Weatherless, Director, Financial Services
Kevin Startt, Director, Purchasing
Renee La Chance, Director, Human Resources
Christina Cruz, Sr. Accounting Manager, Financial Services
Nancy Mueller, Sr. Budget Analyst, Financial Services
Sabra Castle, District Cashier, Financial Services
Sylvia L. Lovegreen, Senior Staff Assistant II to the Governing Board
Michele C. Gutierrez, Senior Staff Assistant I to the Governing Board

ITEM

ACTION

CALL TO ORDER – 2:02 p.m.

CALL TO THE AUDIENCE

Audit Committee Chair, Lori Cox read the protocol for CTA. Persons who spoke at Call to the Audience were: Lillian Fox re: iVisions software and Finance Budget; Betts Putnam-Hidalgo re: Desegregation.

No action required.

Audit Committee Chair, Lori Cox asked if committee members wanted to respond to Call to the Audience. No one commented.

INFORMATION ITEM

1. Introduction of New Committee Member – Jimmy Lovelace No action required.

Lori Cox introduced Jimmy Lovelace to committee members.

ACTION ITEM

2. January 27, 2017 Minutes Rachel Wall moved approval, Charles Andrade seconded. Approved 5-0 in a voice vote. Jimmy Lovelace Abstained.

3. Election of Chair No action required.

After discussion, item was postponed.

Persons commenting/asking questions were Lori Cox, Charles Andrade, Jimmy Lovelace, Victoria Soto and Rachel Wall.

STUDY/ACTION ITEMS

4. USFR Compliance Questionnaire No action required.

Karla Soto stated the USFR covers all areas of the budget. She discussed the findings and the number of implementations that have been implemented, so far eight. Karla Soto answered questions and concerns.

Persons commenting/asking questions were Charles Andrade and Jimmy Lovelace.

Charles Andrade moved to address Item #6 before Item #5; Seconded by Victoria Soto.

Charles Andrade moved approval, Victoria Soto seconded. Approved 5-0 in a voice vote.

6. Update on Corrective Action Plans regarding Audit Findings

No action required.

A Corrective Action Plan was put together by the Finance/Purchasing Team for discussion with the Audit Committee. There are ten Audit Findings. (See attached Audit Findings and Corrective Action Plan for each one.) Karla Soto introduced her staff who presented information. In addition to staff Karla Soto and Renee Weatherless answered questions and concerns.

Number 1. Budgeting – Nancy Mueller (Reported as completed and closed.)

Number 2. Accounting Records –Christina Cruz (Reported as completed and closed.)

Number 3. Cash and Revenues –Sabra Castle (Reported as completed and closed.)

Number 4. Property Control – Renee Weatherless (Reported as completed and closed.)

Number 5. Property Control – Christina Cruz (Reported as completed and closed.)

Number 6. Procurement – Kevin Startt (Reported as completed and closed.)

Number 7. Procurement – Kevin Startt (Reported as completed and closed.)

Number 8. Payroll – Renee LaChance (Reported as completed and closed.)

Number 9. Student Attendance Reporting – Nancy Mueller (Reported as completed and closed.)

Number 10. Student Attendance Reporting – Nancy Mueller (Reported as completed and closed.)

Persons commenting/asking questions were Jimmy Lovelace, Charles Andrade and Lori Cox.

5. Single Audit Reporting Report

No action required.

Karla Soto informed the committee that the external auditors normally presented the Single Audit Report, but they were not available. She could present it to the committee or wait until the next scheduled meeting for Heinfeld, Meech and Co. to present and answer questions.

Karla Soto presented the committee with the Single Audit Report, explained its status as “Draft,” and answered the committee’s questions and concerns.

Persons commenting/asking questions were Jimmy Lovelace, Charles Andrade and Lori Cox

7. Semi-Annual Report to the Governing Board at the May 9, 2017 Regular Board Meeting

Jimmy Lovelace moved approval, Rachel Wall seconded. Approved 5-0 in a voice vote.

Jimmy Lovelace moved to postpone Item #7 to the next scheduled meeting; Seconded by Rachel Wall.

8. Meeting Date/Time

No action required.

Next scheduled meeting is on Friday, May 19, 2017.

9. Future Agenda Item(s)

No action required.

New Items for the May meeting will be: Election of Chair and Co-Chair, E-Rate Audit and Medicaid Audit.

ADJOURNMENT – 3:25 p.m.

Jimmy Lovelace moved approval, Victoria Soto seconded. Approved unanimously in a voice vote. 5 – 0.

Approved this 20th day of October, 2017.

TUSD GOVERNING BOARD AUDIT COMMITTEE

By _____
Rachel Wall
Audit Committee Chair

#6

FY2016 USFR Compliance Questionnaire Corrective Action Plan

Area	Deficiency	Action to correct this deficiency or the new procedure to help ensure the deficiency will not occur again in the future.	Name and title of the employee taking the corrective action or implementing the new procedure.	Name and title of a different district employee that verified the corrective action taken to eliminate the deficiency.	How documents/procedures were reviewed to determine that the correction was made and/or the new procedures are working as planned.	Date that the correction was verified as fully in place.	
		What action will be taken to correct the deficiency?	Who will take that action?	Who verified that the action taken has corrected the deficiency?	How was correction verified?	When was correction verified?	
BUDGETING-USFR IV							
1	9. If the District revised the adopted expenditure budget, was the revision completed before May 15 and filed electronically with the CSS and the Superintendent of Public Instruction by May 18? A.R.S. §15-905(i)	No-The final revised budget was not submitted to the Superintendent of Public Instruction until June 14.	We have designated four staff members to have the due date for the upload on their calendars and to coordinate who will be doing the upload. An electronic compliance calendar is being developed to notify key staff of budget submission and other filing deadlines.	Nancy Mueller, Budget Manager	Currently key staff (Nancy Mueller, Christina Cruz, Renee Weatherless and Karla Soto) have marked their calendars with reminders of the due dates for each submission	PENDING: The May 2017 revision of the FY 2016-17 budget will be uploaded by May 18, 2017.	To be verified on May 18, 2017
ACCOUNTING RECORDS-USFR VI-B							
2	10. Were any differences that resulted from reconciliations with the CSS or County Treasurer's records researched and resolved in a timely manner?	No-An unreconciled difference of \$11,663 was noted on the reconciliation that related to prior fiscal years.	District is currently researching this discrepancy to avoid a recurring finding in the FY16-17 audit. District will ensure that future reconciling items will be resolved within three months from discovery. In the case where the reconciling item exceeds the 3-month timeframe, District will document all efforts taken to resolve the issue.	Christina Cruz, Sr. Accounting Mgr.	Renee Weatherless, Sr. Director of Finance	A monthly review of the reconciliations will be done and both the Sr. Director of Finance and the Sr. Accounting Manager will sign the reconciliations to ensure that outstanding items are resolved in a timely manner.	Feb. 8, 2017 and ongoing

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Area	Deficiency	Action to correct the deficiency or the new procedure to help ensure the deficiency will not occur again in the future.	Name and title of the employee taking this corrective action or implementing the new procedure.	Name and title of a different district employee that verified the corrective action taken to minimize the deficiency.	How documents/ procedures were reviewed to determine that the correction was made and/or the new procedures are working as planned.	Date that the correction was verified as fully in place.
Area	Deficiency	What action will be taken to correct the deficiency?	Who will take that action?	Who verified that the action taken corrected the deficiency?	How was correction verified?	When was correction verified?
3	CASH and REVENUES-USFR VI-C and F 10. Was cash received deposited intact daily, when significant, or at least weekly?	1) Involved Central Leadership in CAP for one school. Finance Manager being given closed-door time during day to complete deposits. 2) District strongly encourages sites to utilize the District Courier to ensure timely deposits. Second school now comfortable utilizing District Courier to make bank deposits. 3) Office Stars Training in July informed all attendees that monies received within a department are subject to the same timeliness of deposit guidelines as school sites are. 4) Memo will be drafted by Sr. Finance Director to be sent out to all Departments to stress the importance of depositing checks in a timely manner	1) Academic Leadership	1) Sabra Castle, District Cashier	1) District Cashier is matching daily / Intouch deposits to bank deposits.	1) Nov 2016
			No-For four of 40 receipts reviewed, cash was not deposited at least weekly.	2) Sabra Castle, District Cashier	2) George Riviera, District Courier	2) Confirmed in courier pick up reports.
4	PROPERTY CONTROL-USFR VI-E 6. For equipment items recorded on the stewardship and capital asset lists, did the location and identifying number affixed to the asset agree to the information recorded on the corresponding list?	New Bar Coding System to be implemented by July 2017. Asset Management Team requesting room numbers on new equipment arrivals.	3) Sabra Castle, District Cashier	3) Christina Cruz, Sr. Accounting Mgr.	3) Since Department was restructured, late deposits have not been made.	3) July 2016 annual Stars training
			4) Renee Weatherless, Sr. Finance Director	4) Karb Soto, CFO	4) CFO will review memo w/ Superintendent's Leadership Team before sending out to departments	4) To be verified by March 2017
5	PROPERTY CONTROL-USFR VI-E 7. Did the District update the stewardship and capital assets lists at least annually for acquisitions, transfers, and disposals?	Staff member no longer employed by the District. Written instructions on processing have been in place, new staff member understands and is following the process.	Christina Cruz, Sr. Accounting Mgr. Mike Dunn, Financial Systems Analyst, Project Manager	Renee Weatherless, Sr. Director of Finance	PENDING	July 2017
			Jan Burrows- Accounting Analyst	Christina Cruz, Sr. Accounting Mgr.	Verify by reviewing capital asset projects uncanceled at year end	July 2017

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	Area	Deficiency	What action will be taken to correct the deficiency?	Who will take that action?	Who verified that the action taken has corrected the deficiency?	How was correction verified?	When was correction verified?
6	<p align="center">PROCUREMENT—USFR VI-G AND R7-2-1001 et seq</p> <p>19. Based upon review of (15) purchases costing at least \$10,000 but less than \$50,000, did the District obtain and document oral price quotations from at least 3 vendors and follow the guidelines for oral price quotations prescribed by the USFR?</p>	<p>No-For one of 15 purchases reviewed, no quotes were obtained.</p>	<p>1) Assure that the three oral quote process is followed. Retraining on the three quote process in addition to review of the Quote Summary Form procedure for all Purchasing Staff. Audit findings are reviewed at Purchasing staff meetings.</p> <p>2) Procedure is being put into place to accurately determine whether a competitive process for sole source determination is appropriate.</p>	<p>Diana Kerfoot, Purchasing Manager</p> <p>Diana Kerfoot, Purchasing Manager</p>	<p>Kevin Startt, Director of Purchasing</p> <p>Kevin Startt, Director of Purchasing</p>	<p>1) Documentation of retraining on the three oral quote process for all Purchasing Staff.</p> <p>2) Random sampling is conducted by Purchasing Manager quarterly to ensure proper procurement justification is obtained.</p>	<p>1) Feb. 16, 2017</p> <p>2) April 2017</p>

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7	PROCUREMENT—USFR VI-G AND R7-2-1001 et seq 20. Based upon review of (3) purchases costing at least \$50,000 but less than \$100,000, did the District obtain written price quotations from at least 3 vendors and follow the guidelines for written price quotations prescribed by the USFR? No- For one of 15 purchases reviewed, only two quotes were obtained.	1) Assure that the three oral quote process is followed. Retraining on the three quote process in addition to review of the Quote Summary Form procedure for all Purchasing Staff. Audit findings are reviewed at Purchasing staff meetings. 2) Procedure is being put into place to accurately determine whether a competitive process for sole source determination is appropriate.	Diana Kerfoot, Purchasing Manager	Kevin Startt, Director of Purchasing	1) Documentation of retraining on the three oral quote process for all Purchasing Staff. 2) Random sampling is conducted by Purchasing Manager quarterly to ensure proper procurement justification is obtained.	1) Feb. 15, 2017 2) April 2017
		1) The two related findings were addressed in May 2016, and new I-9 forms were completed. 2) HR Staff is now required to complete mandatory I-9 training and I-9 compliance will be reviewed semi-annually at Department meetings. 3) I-9's are reviewed by a 2nd HR rep before they are entered into eVerify.	Renee LaChance, Director of HR- Employment Janet Rico, Director Talent Acq. & Recruit.	Anna Maidon, Chief Human Resources Officer	COMPLETED: HR staff has completed mandatory I-9 training and duties have been segregated (as indicated in the corrective action) and monitored by supervisory staff.	1) May 2016 2) June 2016 and January 2017 3) Ongoing
8	PAYROLL—USFR VI-H 7. Did individual personnel files include appropriate supporting documentation, as listed on USFR pages VI-H-2 through 4? No-For two of five personnel files reviewed, the documentation utilized for I-9 verification was not sufficient.					

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What action will be taken to correct the deficiency?	Who will take that action?	Who verified that the action taken has corrected the deficiency?	How was correction verified?	When was correction verified?
<p align="center">Area</p> <p align="center">STUDENT ATTENDANCE REPORTING—USFR X-D</p>	<p align="center">Deficiency</p>			
<p>9</p> <p>14. Based upon review of (6) students' attendance records at elementary and junior high schools where attendance was based on quarter days, were students in attendance for more than three-quarters of the day counted in attendance for a day and students in attendance for three-quarters of the day or less counted in attendance for each quarter of the day in attendance? A.R.S. §15-901(A)(5)(b)(i)</p>	<p>No-For one of six attendance records reviewed, absences were not calculated correctly resulting in an understatement of 0.5.</p>	<p>Kathleen Parris, Attendance Accounting Analyst</p> <p>Nancy Mueller, Budget Manager</p>	<p>Employee attended the following trainings offered for attendance (Synergy) on 10/19/2016 and 11/30/2016. Additional trainings were conducted 2/4, 2/8, and 4/12.</p>	<p>Attendance conducted internal audit on 11/2/16 with no findings. Return visit was made to the site in January to confirm processes were being followed.</p>

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	STUDENT ATTENDANCE REPORTING—USFR X-D						
10	24. Did the hours reported to ADE agree to the guardian-approved or District computer-generated daily log?	No-For two of seven records reviewed, hours reported to ADE did not agree to the daily log.	AGAVE Online Instruction: 1) Manual keying transcription by staff 207 vs 702 AGAVE Online Instruction: 2) Three weeks of minutes were not logged - a manual system	Stuart Baker, Coordinator-AGAVE Online Instruction	Nancy Mueller, Budget Manager	The district is incorporating our on-line instruction attendance data into our new Student Information System. This will eliminate manual entry. Will be able to reconcile data from district records to ADE's. Effective March 1, 2016, an Accounting Analyst was assigned to work directly with AGAVE, Technology Services and ADE to ensure accurate reporting of ADM.	End of school year