

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

**May 20, 2016  
2:00 p.m.**

**MINUTES**

**Committee Members Present:**

Charles Andrade, Chair  
Adelita S. Grijalva, Governing Board President  
Ricky Hernandez  
Karla Soto, Chief Financial Officer  
Victoria Soto – [via telephone – 2:05 p.m.; 2:12 p.m. lost phone reception]  
Rachel Wall

**Committee Members Not Present:**

Lori K. M. Cox

**Others Present:**

H.T. Sánchez, Ed.D., Superintendent [arr. 2:29 p.m., left 2:33 p.m.]  
Anna Maiden, Chief Human Resources Officer  
Renee Weatherless, Director, Finance  
Kevin Startt, Director, Purchasing  
Christina Cruz, Account Manager, Sr., Finance  
Nancy Mueller, Budget Analyst, Sr., Finance  
Julie Versluis, Manager, Student Finance  
Sabra Castle, District Cashier, Finance  
Mary Alice Wallace, Director of Staff Services to the Governing Board  
Michele C. Gutierrez, Senior Staff Assistant I to the Governing Board

**ITEM**

**ACTION**

**CALL TO ORDER** – 2:05 p.m.

**CALL TO THE AUDIENCE**

There were no persons wishing to speak.

No action required.

**ACTION ITEMS**

1. April 22, 2016 Minutes
2. April 29, 2016 Minutes

Both items were addressed together.

Ricky Hernandez  
moved approval,  
Rachel Wall seconded.  
Approved unanimously  
in a voice vote. 4-0

## **STUDY/ACTION ITEMS**

3. Update Status on Internal Auditor No action required.
- Anna Maiden

Anna Maiden discussed the Job Description for the Internal Auditor position. She asked for suggestions other than those below to be sent to Mary Alice Wallace to improve the document for advertising, forwarding to Ms. Maiden. The job description will be back on the agenda for the June 24 Audit Committee meeting for finalizing in preparation for readvertising the position.

Discussion of possible changes centered around:

- Being more specific and clearer on reporting and chain of command
- Indication of support staff
- Using “preferred” rather than “required” for CIA and CPA
- Years of specific experience in lieu of certifications
- Role of Audit Committee relative to Internal Auditor

Other persons commenting/asking questions were Charles Andrade, Ricky Hernandez, Karla Soto and Adelita Grijalva.

4. 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 seven Audit Findings. (See attached Audit Findings and Corrective Action Plan for each one.) Renee Weatherless introduced her staff who presented information.

Number 1 – Property Control – Christina Cruz (Reported as completed and closed.)

Number 2. Procurement and Expenditures – Christina Cruz (Reported as completed and closed.)

Number 3. Procurement and Expenditures – Kevin Startt (Reported as completed and closed.)

Number 4. Classroom Site Fund – Christina Cruz (Reported as completed and closed.)

Number 5. Student Attendance Reporting – Nancy Mueller (Reported as completed and closed.)

Number 6. Auxiliary Operations & Extracurricular Activities Fees Tax Credit Funds – Julie Versluis (Reported as completed and closed.)

Number 7. Student Activities Fund – Sabra Castle (Reported as completed and closed.)

Persons commenting were Charles Andrade, Adelita Grijalva, Ricky Hernandez and Karla Soto.

5. Presentation of the March 31, 2016 Quarterly Desegregation Budget No action required.
- Renee Weatherless

Renee Weatherless presented the quarterly desegregation budget and answered questions from to the committee.

Karla Soto provided additional information.

Persons commenting were Charles Andrade, Adelita Grijalva, Ricky Hernandez and Rachel Wall.

6. Final Revision of Fiscal Year 2015-2016 Tucson Unified School District Annual Expenditure Budget, in Accordance with A.R.S. §15-905 No action required.
- Renee Weatherless

Renee Weatherless presented the final revision of the 2015-2016 Fiscal Year Annual Expenditure Budget and answered questions from to the committee. She added that the final revision was presented and adopted by the Governing Board at the May 10, 2016, Regular Governing Board meeting.

Karla Soto stated the documents were sent to the Arizona Department of Education and the document being viewed by the committee was a summary.

Persons commenting were Adelita Grijalva, Charles Andrade and Ricky Hernandez

7. Semi-Annual Report to the Governing Board at the June 28 Special Board Meeting No action required.
- Charles Andrade

Charles Andrade reviewed his draft report with the committee which will be presented to the Governing Board at the June 28, 2016 Special Board meeting. He requested input from the committee and asked committee members to accompany him to the June 28<sup>th</sup> Special Board meeting.

The Director of Staff Services requested any changes/additions to the report be sent to her by June 20, 2016.

Other persons commenting were Adelita Grijalva and Ricky Hernandez.

8. Proposed Agenda Items and/or Additional RFI's and Future Agenda Items No action required.

Internal Control Issues

- a. USFR Compliance – Questionnaire Comments
- b. Accounting Records
- c. Cash Handling
- d. Capital Assets Control
- e. Expenditures
- f. Procurement
- g. Payroll
- h. Monthly Financial Reports
- i. Student Attendance Reporting
- j. Student Accounts
- k. Auditor General Internal Controls
- l. After-the-Fact Purchase Orders
- m. Annual Single Audit Reporting Package (Each Year)
- n. Update on ERP Process
- o. Consolidation of Advertising
- p. Internal Auditor Status

Items that would be on the next scheduled meeting based on discussion of each item throughout the meeting were the recurring items for each meeting.

A new item for the June 24, 2016 meeting will be the Election of the Committee Chair and Co-Chair.

9. Meeting Date/Time No action required.

Next meeting is on Friday, June 24, 2016.

ADJOURNMENT – 3:36 p.m.

Ricky Hernandez moved to adjourn, Adelita S. Grijalva seconded. Approved unanimously in a voice vote. 3-0

Approved this 24th day of June, 2016.

TUSD GOVERNING BOARD AUDIT COMMITTEE

By \_\_\_\_\_

Charles Andrade  
Audit Committee Chair

Attached and made part of these Minutes: FY2015 USFR Compliance Questionnaire  
Audit Findings Corrective Action Plan.

To: TUSD Audit Committee Members  
From: TUSD Financial Services Department  
Re: FY2015 USFR Compliance Questionnaire Audit Findings Corrective Action Plan  
**5/20/16 Updates in Green**

**Number 1. Property Control**

*The District's stewardship list did not include the location of items.*

**District Response:**

Clarification on the meaning of the finding----The asset listing does reflect the site as the location of the asset, but does not pin point the location down to the room number.

TUSD has not previously tracked assets down to the level of the room number due to the manual nature of our processes.

**5/20/16 Update: This was a new finding to TUSD as it was a new auditing requirement.**

**Corrective Action:**

- In conjunction with the implementation of our new ERP system we will also be implementing, as phase II, a bar coding system to track assets to the depth necessary to ensure proper stewardship.
- The bar coding system will enable us to track the asset from the time it comes to the central receiving warehouse through delivery to the site. New procedures will be put in place to ensure that room location will be reflected as part of the location of the asset.
- Sites will be given the capability in the bar coding system to record movement of assets from one room to another, this will keep location information more contemporaneous and aid in the inventory process.
- The conversion from high level location designation to room specific is a very large undertaking and will impact the entire district; coordination and planning plus effective project management will be crucial to the success of this project.

**5/20/16 Update:**

- **A project manager has now been assigned to the bar coding project, implementation will be started in fiscal year 16/17.**

**Number 2. Procurement and Expenditures**

*The Instructional Improvement and Student Success funds had negative cash balances at year end. Sufficient receivables existed for the Instructional Improvement funds to cover the deficit.*

**District Response:**

This was a two part finding regarding cash controlled funds. The first instance was a rounding error during a fund close out that caused a nominal negative balance of \$4.00. In the year end balance review that negative balance was missed.

**Corrective Action:**

- We will adjust our process for review of balances on cash controlled funds to more effectively identify accounts with negative balances.
- The second instance was a timing issue between posting date of a year end adjustment made to the fund and the deposit date of fund proceeds. As noted in the audit finding "Sufficient receivables existed for the Instructional Improvement funds to cover the deficit." What this notation means is the journal entry was posted in the month of June, the fund proceeds were received and posted in the month of July during our fiscal year encumbrance period.
- We will adjust our processes on review of year end journal entries in cash controlled funds to verify sufficient balances exist in the fund before any journal is finalized. This practice, however, will have an impact on the budgeting process as we will not be able to spend budgeted funds without knowing how much funding is delayed and received during the encumbrance period of July and August each year.

**5/20/16 Update: These two items were added to the year-end checklist.**

- **Run the Visions On Demand Report thru June 30<sup>th</sup> for cash accounts, verify all cash controlled funds do not have a negative balance**
- **Run the Visions On Demand Report thru End of Year for cash accounts, verify all cash controlled funds did not incur a negative balance during the encumbrance period**

**Number 3. Procurement and Expenditures**

*For one of 15 expenditures reviewed, sufficient oral quotes were not obtained.*

**District Response:**

Documentation of specific price quotes for this particular procurement was not included on the Quote Summary Form. Instead, qualitative factors (undefined proposed discount percent) were used in the evaluation of responses and subsequent award recommendation. In the future, a Purchasing Department Staff Member will review the documentation associated with the Quote Summary Form to assure that the required price quotes are included, as applicable.

**Corrective Action:**

- Purchasing Department Procurement Specialists and Agents have been updated during staff meetings on the need for the required price quotes during the quotation process and that discounts alone are not an acceptable factor in determining award.
- Procurement educational outreach to District Staff involved in the procurement process will emphasize the requirement for specific price information during the quotation process.

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**5/20/16 Update**

- Purchasing Staff has been updated and trained on these requirements. Specific date of instruction to Procurement Agents and Buyers was the January 21<sup>st</sup>, 2016 Purchasing Staff Meeting.
- Revisions to procedures will further specify the need for quantitative (price/cost) rather than qualitative (discounts/other) factors when determining award during a quote process. The District Operations Guide (D.O.G.) will reflect the required quantitative cost-driven approach. Further educational outreach, including the summer Office Stars and monthly Office Manager Meetings, will specifically address and emphasize the cost-driven approach.

**Number 4. Classroom Site Fund**

*Transactions were not recorded in Classroom Site funds at the time the monies were expended. The expenditures were recorded through a journal entry at the end of the fiscal year.*

**District Response:**

Salary schedules previously had Classroom Site fund allocations imbedded in the total on the base salary schedule. This necessitated an adjustment at the end of the fiscal year to allot that portion to the Classroom Site fund.

**Corrective Action:**

- With the implementation of a new ERP system and through negotiations regarding distribution of Classroom Site funds the above process has been discontinued in fiscal year 2016. The Classroom Site fund allocations are now reflected on separate pay schedules and treated as supplemental teacher pay. This enables the payroll expenditure to be charged directly against the fund as payroll is incurred.

**5/20/16 UPDATE: Corrected upon implementation of the ERP.**

**Number 5. Student Attendance Reporting**

*For one of 15 withdrawals, the date in the computerized system (3/4/15) did not agree to the withdrawal form (3/5/15).*

**District Response:**

- Established internal audit procedures fiscal year 2003.
- Established Mojave training FY 2001 through Technology Services
- Established job alike meetings with attendance techs and office managers
- Presented at Back to School Conferences (now STARS training)
- On-going one-on-one procedure and policy training as needed for new or returning staff
- External audits for selected sites
- Monitor SAIS uploads and check for failures

**Current Corrective Action:**

- Continue internal audits
- Communicate with principal on audit results

- Provide copies of the audit to Leadership and Chief Financial Officer
- Return visits to school sites when appropriate (poor audit results)
- Mandatory Heinfeld, Meech & Co. training
- External audits for selected sites
- On-going one-on-one procedure and policy training as needed for new or returning staff
- Advise school staff on best practices

**Proposed changes/actions:**

- Expand audits to include recommendations for overall site improvement
- More concise and honest feedback on audits
- Establish protocol to report non-compliance issues (results reviewed by SLT)
- Review Attendance Technicians/Office Assistant job description to ensure that integral job functions related to attendance reporting compliance are included as part of job responsibilities
- Review Office Manager job description to ensure that integral job functions related to attendance reporting compliance are included as part of job responsibilities and are backup to key attendance personnel
- Review the relationship between the Techs/Office Manager/Principals to ensure proper communication is in place so that tasks are completed.
- Ensure that key personnel related to attendance reporting and compliance receives necessary Synergy training.

**TUCSON UNIFIED**  
SCHOOL DISTRICT  
*Attendance Accounting*

School: \_\_\_\_\_  
Date: \_\_\_\_\_  
Principal: \_\_\_\_\_  
Attendance: \_\_\_\_\_  
Office Mgr.: \_\_\_\_\_

TUSD AUDIT CHECK LIST	# OF EXCEPTIONS	DETAIL OF EXCEPTIONS
<b>Official Notice of Pupil Withdrawal</b> form completed with withdrawal dates and withdrawal codes corresponding with Mojave data & E/W Register for all withdrawals. Dates matching within 5 days		
<b>Registration Form in Cum</b> completed with enrollment dates and enrollment codes (E3, E6; within 5 days) corresponding with Mojave's data and E/W Register		
<b>Reaffirmation of Address in Cum (completed yearly)</b>		
<b>Data Verification Report</b> verified and corrected daily.		
<b>Bell Schedule Student Hours Listing Report</b> Corrected and ran monthly		
<b>Attendance By Student:</b> reflects NO students with 10 or more unexcused absences. Ran daily/weekly		
<b>Office Manager/Principal verifies SAIS uploads</b>		
CEC-B Log updated		
<b>SAIS Notebook</b> up to date including eklists & reports and <b>Concurrent Enrollment Report</b> printed with each submission		
<b>Enrollment/Withdrawal Register</b> checked weekly with Statistic Report		
<b>Sign-Out and Sign-In Log</b> completed daily.		
<b>Telephone Log</b> completed daily.		
<b>Birth Certificate in cum</b>		
<b>Class Absence Log; Parent Link procedures</b>		
<b>Office Manager verifies completion of attendance/state policies as the back up at each site</b>		
<b>COMMENTS / RECOMMENDATIONS</b>		

**5/20/16 Update:**

- Nancy Mueller met with Luis Flores from Human Resources on April 11, 2016 regarding the job descriptions for the Office Managers, Office Assistants, and Registration/Attendance Clerks. HR will be doing research and following up on this request.
- Karla Soto presented to the SLT overview of the results of external audit findings related to attendance on November 30, 2015.
- On February 11, 2016 Finance provided copies of all Attendance Accounting Audits to both Leadership Departments.
- On April 6, 2016 Karla Soto and Attendance Accounting Staff met with Leadership Departments to discuss the internal audits and provide specific recommendations for overall site improvement where needed.
- The external auditors have concluded the attendance audits for FY 15-16. Erickson, Gale, Sabino, Davis and Pistor had no findings. Magee had one finding regarding an absence calculation.
- On May 16, 2016 Attendance staff returned to Magee and provided additional training on the absence calculation process.
- Office STARS training scheduled in July 2016 has allocated additional time for Attendance Accounting training.

**Number 6. Auxiliary Operations & Extracurricular Activities Fees Tax Credit Funds**

*Several school sites received tax credit contributions during the fiscal year but did not report participation fee receipts in accordance with the Governing Board approved fee schedule.*

**Past/Current Procedures:**

- Tax Credit Memo Guideline written by past Legal Counsel of the Legal Department
- Tax Credit Eligible Extracurricular Activity (ECA) Form attached to each requisition request
- Office Stars Training Power Point Presentation for office/finance managers prior to school year
- Established an Adopted TUSD Extracurricular Activity Fee Schedule for each grade level
- Established process and procedures for request of new tax credit extracurricular eligible activities and Student Participation Fee Waiver/Reduction Form
- As requested, individual meetings w/school site personnel
- FY 15/16 - July, implemented at nine high schools a point-of-sale system (POS)

**Proposed Procedures:**

- Revised/Updated Tax Credit Memo Guideline drafted by Legal in conjunction with Finance
- An example list (not all inclusive) of allowable/non-allowable purchases
- Item # 9 of ECA Form indicates if activity participation fee is being waived (all or part) – student participation fee waiver/reduction form needs to be completed and principal must indicate alternative funding source
- Student Finance staff confirms collection of board approved participation fees to expenditures
- Strategic Priority 5: External Funding - Training to Principals and Site Council Facilitators

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- Establish mandatory one-on-one training with office managers through True North Logic
  - Implement new POS system – InTouch for elementary/middle schools
  - Notify Leadership if board approved participation fees are not being collected in accordance with Governing Board approved Activity Fee Schedule

**5/20/16 Update:**

- **On March 4, 2016 the updated Tax Credit Memo Guideline drafted by Legal in conjunction with Finance was emailed to School Site Principal and Office Managers**
- **Item#9 of ECA Form indicates if activity participation fee is being waived (all or part) – student participation fee waiver/reduction form needs to be completed and principal must indicate alternative funding source. This information and procedure was restated in the presentation at the Support Staff Monthly meeting the month of May**
- **On April 27, 2016 an email was sent out to the school’s principals and office managers reiterating that the board approved participation fee for eligible tax credit activities must be collected and if waived an alternative funding source must be available to cover the fee to comply with State Legislature requirements**
- **On May 17, 2016 a workshop training was provided for Site Council Facilitators, Principals, PTO/PTA Representatives and Parent Booster Representatives. The workshop provide attendees an understanding of how to maximize outside funding sources while complying with policies and procedures for TUSD and the state of Arizona. This workshop presentation was recorded for later viewing and training purposes.**
- **Annual training will be provided at the Site Council Facilitators meeting beginning this Fall.**
- **Strategic Priority 5: External Funding – Training to Principals and Site Council Facilitators**
- **Established mandatory one-on-one training with office managers through True North Logic and coordinated with our Professional Development team with options of presenting training material through TUSD’s Professional Learning Portal**
- **In Touch POS System has now been implemented districtwide to appropriately collect and record Tax Credit revenues more timely and efficiently.**
- **Established process to notify Leadership when fees are not being collected in accordance with Governing Board approved Activity Fee Schedule**
- **Office STARS training is scheduled for July 2016 to cover tax credit processes and procedures.**
- **Tax Credit procedures will be included in the District Operation Guidelines (D.O.G.) which will include an example list of allowable/non-allowable Tax Credit purchases**

**Number 7. Student Activities Fund**

*For 1 of 15 receipts reviewed, supporting documentation for the deposit of student funds could not be provided.*

**District Response:**

The Cash Collection – Ticket Sale Form that enables clubs to reconcile cash collected to quantity and price of items sold was not fully completed by the site.



- If there is a reconciliation discrepancy or the Cash Collection-Ticket Sale Form is missing
  - For elementary, middle, and K-8 schools, District Cashier emails Office Manager, cc's Principal/Assistant Principals, for correction
    - District Cashier records the deposit in the ERP when the discrepancy is corrected or explanation that the discrepancy cannot be corrected is received (i.e., club did not correctly document how much each car paid to have their car washed, etc.)
    - **To prevent continual use of an explanation that a discrepancy cannot be corrected, District Cashier emails relevant Assistant Superintendent and Director, cc's Office Manager/Principal /Assistant Principal when a site provides an explanation in lieu of a correction.**
  - For high schools using InTouch, District Cashier records revenue in ERP club holding account controlled by Finance; Finance Managers and staff with access to the ERP Infinite Visions can see what is in the holding account for their site and contact sponsors for corrected information.
    - District Cashier records the revenue to the correct club account, reducing the amount in the club holding account controlled by Finance when the discrepancy is corrected or explanation that the discrepancy cannot be corrected is received (i.e., club did not correctly document how much each car paid to have their car washed, etc.)
    - **To prevent continual use of an explanation that a discrepancy cannot be corrected, District Cashier emails relevant Assistant Superintendent and Director, cc's Office Manager/Principal/Assistant Principal when a site provides an explanation in lieu of a correction.**

**Future procedure:**

- Club Sponsor ~~attends optional~~ **completes and passes mandatory** training **presented on TUSD's Professional Learning Portal.**
- Club Sponsor and Administrator signs **revised** Sponsor Declaration Form that is submitted and kept on file in the Student Finance Office



**TUCSON UNIFIED SCHOOL DISTRICT  
SPONSOR'S DECLARATION**

As a sponsor of a club at:

\_\_\_\_\_ at \_\_\_\_\_  
(Club Name) (Name of School)

I acknowledge that funds earned by the efforts of students have been defined by ARS 15-1121-1123 and Governing Board Policy JJE and JJE-R as student activity funds.

I further acknowledge that the only lawful repository of student funds is a bank account established by the Governing Board. This account is called the Student Activities Fund and is managed by the Student Finance Office of TUSD.

I am aware that all monies received by the club must be receipted at the time the money is received, either by ticket sales, pre-numbered receipts, or documentation on daily class/club/customer lists.

I am aware that a fully completed Cash Collection – Ticket Sale Form that includes a reconciliation of items sold to cash collected must be turned in to the Office/Finance Manager with the monies to be deposited daily.

I am aware that all student funds are required to be deposited in the approved bank account in their entirety as they are earned.

I am aware that all goods and services received by a club must be received on a valid purchase order prepared by the Student Finance Office.

I am aware that I am personally not allowed to contract for goods and services on the behalf of any TUSD entity.

I have a copy of the Student Activity Fund Policy and Procedures Manual and have read and understand Governing Board Policies DJ, JJA, JJE, JJF, GBEAA and their accompanying Administrative Regulations.

I have been given an orientation by my supervising administrator regarding these and other issues involved in my responsibilities as a club sponsor.

**I am aware of the new After the Fact (3 strikes you're out) Purchasing Policies. I will not procure items before a purchase order is issued from the Student Finance Office.**

\_\_\_\_\_  
Sponsor Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Administrator Signature

\_\_\_\_\_  
Date

STF1107

Revised: 01/20/16

- Club Sponsor/Officer completes Cash Collection-Ticket Sale Form reconciling revenue collected to quantity and purchase price of items sold and explains any differences (i.e., gave incorrect change, student only had \$2 for a Dance that cost \$3 and let student in rather than have them wait outside 2 hours for guardian to pick them up, etc.)
- Club Sponsor/Officer brings cash and Cash Collection-Ticket Sale Form to Office/Finance Manager
- Office/Finance Manager verifies and completes a second reconciliation of the Cash Collection-Ticket Sale Form to cash
- District Cashier receives deposit paperwork that includes Cash Collection-Ticket Sale Form and validated bank deposit slip
- District Cashier verifies and completes a third reconciliation of the Cash Collection-Ticket Sale Form to the bank-validated deposit slip.
  - If there is no reconciliation discrepancy, District Cashier records deposit in ERP
  - If there is a reconciliation discrepancy or the Cash Collection-Ticket Sale Form is missing
    - For elementary, middle, and K-8 schools, District Cashier emails Office Manager, cc's Principal/Assistant Principals, for correction
      - District Cashier records the deposit in the ERP when the discrepancy is corrected or explanation that the discrepancy cannot be corrected is received (i.e., club did not correctly document how much each car paid to have their car washed, etc.)
      - To prevent continual use of an explanation that a discrepancy cannot be corrected, District Cashier emails relevant Assistant Superintendent and Director, cc's Office Manager/Principal/Assistant Principal when a site provides an explanation in lieu of a correction.
    - For high schools using InTouch, District Cashier records revenue in ERP club holding account controlled by Finance; Finance Managers and staff with access to the ERP Infinite Visions can see what is in the holding account for their site and contact sponsors for corrected information.
      - District Cashier records the revenue to the correct club account, reducing the amount in the club holding account controlled by Finance when the discrepancy is corrected or explanation that the discrepancy cannot be corrected is received (i.e., club did not correctly document how much each car paid to have their car washed, etc.)
      - To prevent continual use of an explanation that a discrepancy cannot be corrected, District Cashier emails relevant Assistant Superintendent and Director, cc's Office Manager/Principal/Assistant Principal when a site provides an explanation in lieu of a correction.

**5/20/16 Update:**

- Discrepancies of Club cash receipts are being reported to Office Manager, Principal/Assistant Principal and Assistant Superintendent/Director.
- FY16/17 - Currently working with Heinfeld, Meech & Co, PC to create a mandatory *Student Activities (also known as Student Clubs) Cash Handling – Sponsor Training* that will be administered through the TUSD Professional Learning Portal.