

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

**August 26, 2016
3:00 p.m.**

MINUTES

Committee Members Present:

Ricky Hernandez, Chair
Lori K. M. Cox, Co-Chair – *via phone*
Rachel Wall

Committee Members Not Present:

Charles Andrade
Adelita S. Grijalva, Governing Board President, Ex-Officio
Karla Soto, Chief Financial Officer, Ex-Officio
Victoria Soto

Others Present:

Anna Maiden, Chief Human Resources Officer
Nancy Mueller, Budget Analyst, Sr.
Christina Cruz, Accounting Manager, Sr.
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 – 3:00 p.m.

CALL TO THE AUDIENCE

There were no persons wishing to speak.

No action required.

ACTION ITEM

1. June 24, 2016 Minutes

Rachel Wall moved approval, Lori Cox seconded. Approved unanimously in a voice vote. 3 – 0.

STUDY/ACTION ITEM

2. Update Status on Internal Auditor No action required.
 - Anna Maiden
3. Discussion to present a report regarding the Status on Internal Auditor to the Board at the September 27, 2016, Special Board meeting

Items 2 and 3 were addressed as one item.

Anna Maiden went over a handout with the committee that contained an update on the Internal Auditor Position. The position is continuing to be advertised and the recruiter is vetting viable candidates. It was requested to add a date for a screening deadline in the advertisement. By the end of the week of August 26th, Ms. Maiden should have an update from the recruiter, informing her of possible candidates for the Audit Committee to interview.

Mary Alice Wallace commented that Governing Board member Michael Hicks requested an update to the Governing Board regarding the Internal Auditor Search at the August 9, 2016 meeting, which Dr. Sanchez tentatively scheduled for September 27 contingent upon the Audit Committee being ready to report. Mr. Hernandez will present the report to the Board.

Other persons commenting/asking questions were Lori Cox and Ricky Hernandez.

4. Budget Status and Update on FY 2017 No action required.
 - Nancy Mueller

Nancy Mueller presented the most recent budget update to the committee which was presented to the Governing Board members at the July 12, 2016 Regular Board meeting. New updates to the Board will begin in September.

Ricky Hernandez requested the Proposition 301 fund balances be presented at the October meeting. Nancy Mueller informed the committee the Proposition 301 report would be finalized in October and would relay the request to the Chief Financial Officer.

Other persons commenting or asking questions were Lori Cox and Rachel Wall.

5. Update on Interim field work by External Auditors and any reported Concerns No action required.
- Christina Cruz

Christina Cruz discussed in detail the Annual Audit Exceptions with the Audit Committee. **A copy of that document is attached and made part of these Minutes.**

Ricky Hernandez asked how the procedures for the verification process are handled at the schools.

Christina Cruz commented that the Purchasing Director would have to provide that information. She added that she would relay the request to the director.

Other persons commenting/asking questions were Lori Cox, Rachel Wall and Nancy Mueller.

6. "Draft" Committee Calendar Schedule for 2016-2017 to include deliverables/due dates from External Audit No action required. Postponed.

Ricky Hernandez requested that the "Draft" Committee Calendar Schedule be addressed at the next scheduled meeting; due to the fact four committee members were not present.

8. Meeting Date/Time No action required.

Mary Alice Wallace will poll Committee Members regarding their availability.

Next scheduled meeting is on Friday, September 23, 2016.

Ricky Hernandez indicated that he and Karla Soto would be attending the same conference on September 23, 2016, therefore would not be able to attend. After discussion with those committee members in attendance, he requested to Mary Alice Wallace to e-mail the rest of the committee members their availability to change the meeting to an earlier day in the week.

Ricky Hernandez, Lori Cox and Rachel Wall were available Tuesday, September 20, Wednesday, September 21 and Thursday, September 22, keeping the 2:00 p.m. start time.

Discussion regarding December 23, 2016 and May 26, 2017 meetings.

Other persons commenting asking questions were Rachel Wall, Lori Cox and Mary Alice Wallace.

7. 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.

Items postponed to the next scheduled Audit Committee meeting - "Draft" Committee Calendar Schedule for 2016-2017 and Semi-Annual Report to the Governing Board at the June 28 Special Board Meeting.

New item for the September meeting will be the Purchasing Quote Verification Process.

ADJOURNMENT – 3:39 p.m.

Rachel Wall moved to adjourn, Lori Cox seconded. Approved unanimously in a voice vote. 3-0

Approved this 22nd day of September, 2016.

TUSD GOVERNING BOARD AUDIT COMMITTEE

By _____
Ricky Hernandez
Audit Committee Chair

TUCSON UNIFIED SCHOOL DISTRICT NO. 1 Detail Audit Exceptions - Fiscal Year 2015-16

Annual Audit Exceptions

1. For one of 15 attendance records reviewed, partial day absences were incorrectly calculated, resulting in an understatement of absence of 0.5.

Site	Student	Date	Calculated	Reported
Magee MS	Seana McCoy	10/19/15	0.5	0.0

Response

- 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 covered Attendance Accounting training.
- Additionally, we will emphasize the proper use of the absence calculator in our site audits.

2. For three of 20 cash receipts reviewed, the deposits were not made timely (at least weekly).

Site	Description	Receipt	Amount	Received	Deposited
Magee MS	Paid by Boosters	151229149AS-1215	300	12/1/15	12/15/15
Magee MS	Extracurr Activity Fee--Odyssey of the Mind Prg--TC	151229148AS-1215	800	12/2/15	12/15/15
Pueblo	Prtcptn Fee Sports--Sports General--TC	150924034AS-0915	65	8/25/15	9/10/15

Response

- Training through Office Stars annual trainings, monthly admin support staff meetings, documentation in the District Operating Guide, enforce the timely deposit rules, in addition we have notified the sites of the availability of the District courier to transport deposits to the bank
- The implementation of In-Touch POS Receipting system will aid in the tracking of deposits.

3. Student funds related to Mariachi performances at Davis Bilingual Elementary School are currently recorded in auxiliary operations rather than student activities.

Response

- On August 2nd Student Finance staff met with office manager and Mariachi program director to discuss the finding and the steps to correct the issue. The site is currently working on the resolution of this issue. Office manager has attended trainings regarding cash handling and student activities procedures.

4. For one of 20 misc. cash receipts reviewed, the deposit was not made timely (at least weekly).

Description	Receipt	Amount	Received	Deposited
City of Tucson Water Rebate	151006007MS-1015	34,800	8/12/15	10/5/15

Response

- Same as item #2

5. For one of 15 purchases reviewed in the written quote range, no quotes were obtained for the vendor Bocavox LLC.

Response

- A review and warning letter was sent to both district employee and vendor. Procurement training continues to be covered at ILA meetings and in the new principal trainings, along with the annual Office Stars training. Documentation regarding procurement rule is also contained in the District Operating Guide.

6. For one of 15 purchases reviewed in the oral quote range, only 2 quotes were obtained for the vendor Frontline Technologies Group.

Response

- Follow up with auditor is pending on this finding

7. For one of five personnel files reviewed, the I-9 verification records were insufficient. One employee's (Rueben Loya - 019151) passport used for verification expired 8/8/14. One employee (Cynthia Dunn - 006799) used a TUSD employee badge as a secondary verification documentation.

Response

- A re-training session on I-9 compliance for all HR staff was provided at their 06/16/16 All-HR staff meeting