

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

**November 21, 2014
2:00 p.m.**

MINUTES

Committee Members Present:

Jimmy J. Lovelace, Chair
Lori K. M. Cox
Charles M. Kill – participated via phone

Committee Members Absent:

None.

Others Present:

Christina Cruz, Senior Accounting Manager, Financial Services
Scott Morrison, Director of Project Management
Julie Tolleson, General Counsel
Karla G. Soto, Chief Financial Officer
H. T. Sanchez, Superintendent
Mary Alice Wallace, Director of Staff Services to the Governing Board
Michele C. Gutierrez, Senior Staff Assistant I to the Governing Board

ITEM

ACTION

MEETING CALLED TO ORDER – Jimmy J. Lovelace called the meeting to order at 2:03 p.m.

CALL TO THE AUDIENCE

None.

No action required.

ACTION ITEM

1. September 26, 2014 Minutes

Chuck Kill moved approval. Jimmy Lovelace seconded. Approved 2-0. Lori K. M. Cox abstained.

INFORMATION ITEMS

2. Introduction of Governing Board Members/Superintendent
Dr. Sánchez commented that he was there to observe since it was his first time attending an Audit Committee meeting.
3. Welcome New Committee Member to the Audit Committee – Lori K. M. Cox
- No action required; discussion only.
- No action required; discussion only.

Those in attendance such as the Audit Committee members, Chief Financial Officer, Legal Counsel, Director of Project Management, Director of Staff Services to the Governing Board and the recording secretary, introduced themselves, stated their occupation and described how it related to the Audit Committee.

STUDY/ACTION ITEMS

4. Outside Legal Opinion on Audit Committee functions, advice by District Legal Counsel, Committee ability to participate in procurement recommendation of Selection of Outside Auditors and other matters discussed in the Opinion
- Julie Tolleson
- No action required; discussion only.

Jimmy Lovelace stated when he was asked to apply to serve on the Audit Committee, he first read the Audit Committee's Charter and read that the committee would be part of the selection for the outside auditor amongst other items. When the RFP process for the outside auditor came up, that was one of the reasons he chose to be on the committee. The procurement rules were followed but his recommendation was not chosen.

Julie Tolleson commented since the charter was written that the procurement rules may have changed.

Dr. Sánchez informed the committee that in January the Governing Board was going to review the charter, and he would contact ASBA to find out if procurement changes had been made.

Persons commenting, asking questions, or providing information were Chuck Kill and Karla Soto.

5. Proposal for an Internal Auditor in Tucson Unified School District No action required; discussion only.

Dr. Sánchez apprised the committee that the item for Internal Auditor is agenized for the December Regular Governing Board meeting. Governing Board President Grijalva moved the item at the November 18, 2014 Governing Board meeting but the item died for lack of a second. He added that for the record he is not opposed to an internal auditor.

Jimmy Lovelace added that the recommendation for an internal auditor continues to be on the Audit Committee's semi-annual report to the Governing Board.

Persons commenting, asking questions, or providing information were Lori K. M. Cox and Julie Tolleson.

6. Semi-Annual Report to the Governing Board October 14, 2014 Governing Board Meeting No action required; discussion only.

Jimmy Lovelace informed Lori K. M. Cox, new Audit Committee member, that the Audit Committee first discusses the report within the committee, and then presents a semi-annual report to the Governing Board during a Board Meeting.

7. Update on ERP Process and District Staff Recommendation No action required; discussion only.

Scott Morrison informed the committee that the District was on target for November and working on all areas.

Persons commenting, asking questions, or providing information were Lori K. M. Cox, Chuck Kill, Jimmy Lovelace and Karla Soto.

8. Asset Inventory and Control

No action required;
discussion only.

Christina Cruz explained to the committee that inventory reports from school sites and departments are due in December to Asset Management. If an item is removed from the site, a disposal form is completed and reviewed by Asset Management. If it can't be repaired and is totally beyond junk, it becomes scrap metal and sold. Central Leadership signs off on the report if the inventory item is \$2,500.00 and up. There are three people in Asset Management, and if sites have trouble completing the inventory, they are sent out to the school site or department to figure out the problem.

Persons commenting, asking questions, or providing information were Chuck Kill, Jimmy Lovelace and Karla Soto.

9. Recent Monthly Financial Report to the Governing Board – Fiscal Year-to-date Expenditure

No action required;
discussion only.

Karla Soto gave the committee an overview of the status of where the budget currently stood as of September 30, 2014. She added that the update was presented to the Governing Board during the October 28, 2014 Special Board meeting. The budget was broken down in four areas so the Board would have a more detailed understanding.

Persons commenting, asking questions, or providing information were Chuck Kill and Jimmy Lovelace.

10. Budget Status and Projections

No action required;
discussion only.

The committee reviewed the Presentation of Budget Status and Projections for School Year 2015-2016 that Karla Soto presented to the Board during the October 28, 2014 Special Board meeting.

Karla Soto answered questions.

Persons commenting, asking questions, or providing information were Lori K. M. Cox, Chuck Kill and Jimmy Lovelace.

11. Self Evaluation Forms and Results

No action required.

Jimmy Lovelace commented that in the Audit Committee Charter the Audit Committee conducts an annual self-assessment and describes to the Governing Board, in a written report, how it has discharged its duties. He is going to table item for a later meeting.

Chuck Kill commented.

12. District Efficiency Audit Report

No action required.

Jimmy Lovelace stated the item would remain on the agenda for the next scheduled meeting.

13. Proposed Agenda Items and/or Additional RFI's

No action required;
discussion only.

- a. USFR Compliance – Questionnaire Comments
- b. Accounting Records
- c. Cash Handling
- d. Capital Assets Control
- e. Expenditures to Date
- f. Procurement
- g. Payroll
- h. Financial Reports
- i. Student Attendance Reporting
- j. Students Accounts – discussion
- 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 Update
- p. Internal Auditor Status

15. Future Agenda Item(s)

Both items were discussed as one.

Jimmy Lovelace will submit a new RFI for After-the-Fact Purchases and added the title Status of FY June 30, 2014 Annual Audit and Annual CAFR to the agenda.

Other titles that would be carried over: Outside Legal Opinion on Audit Committee functions, advice by District Legal Counsel, Committee ability to participate in procurement recommendation of Selection of Outside Auditors and other matters discussed in the Opinion, and Proposal for an Internal Auditor in Tucson Unified School District – Update

14. Meeting Date/Time

No action required;
discussion only.

Lori K. M. Cox informed the committee that she would not be able to attend the December committee meeting.

Jimmy Lovelace commented that he would conduct a meeting even if he does not have a quorum.

The next scheduled meeting is on December 19, 2014.

MEETING ADJOURNED 4:09 p.m.

Chuck Kill moved to adjourn. Jimmy Lovelace seconded. Approved 3-0.

Approved this 23rd day of January, 2015.

TUSD GOVERNING BOARD AUDIT COMMITTEE

By _____
Jimmy Lovelace
Audit Committee Chair