

TUSD Audit Committee

MEMORANDUM

April 2, 2014

To: TUSD Governing Board

From: Robert H. O'Toole, Chairperson, Audit Committee

RE: Semi-Annual Report to the Governing Board from the Audit Committee

- 1. Audit Committee Role in Selection of Outside Auditors.** The Charter of the Audit Committee, approved by the Governing Board, charges the Audit Committee with overseeing TUSD's engagement of any independent accountants. We are also charged with making recommendation to the Governing Board regarding the award of such contracts. This past year the Audit Committee was able to participate in selection of the independent outside auditors by having one member of the committee sit on the selection committee. Your charge to us by our charter seems to require a more direct role. We are seeking advice of the District Legal Counsel on this matter and need Governing Board Approval for the Legal Counsel to provide counsel to us as a Committee.
- 2. Governing Board Membership on the Audit Committee.** The Audit Committee believes that its role in the District and service to the Governing Board would be enhanced if one or two members of the Governing Board were to be appointed as members of the Audit Committee.
- 3. District Financial and HR Software (People Soft/Lawson).** The committee is deeply concerned that resolution of the problems with the Accounting, payroll, and HR software continues to be delayed. The ineffective current arrangements are making it difficult for the District to solve long standing problems in managing its staff and resources effectively. As we pointed out in our Report to the Governing Board in October, Financial reports showing District Expenditures vs. Budget, by Fund and function, are not available to you or apparently the District management. Continued operations without such reports is, in our view, unsound.
- 4. Internal Auditors.** The Audit Committee wishes to again urge the Board to establish an Internal Auditor Department for TUSD. It is our recommendation that such a Department should be part of the Governing Board Staff, reporting directly to the Governing Board.

5. Audit Report. The most recent Audit Report for 2012-2013, shows improvements made by District Staff in addressing many concerns with internal controls. These marked improvements are a testament to the successful efforts of the Staff in addressing many issues.