

TUSD Audit Committee

MEMORANDUM

April 2, 2013

To: TUSD Governing Board

From: TUSD Audit Committee

CC: Dr. John Pedicone

Mary Alice Wallace

Audit Committee

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

1. **Committee Attendance.** We continue to meet on the last Friday of every month from 2:00 p.m.-4:00 p.m. All Governing Board members are encouraged to attend these meetings. We have operated as a full Committee for most of the past six months. The ability to have the experience of five individuals has added greatly to the effectiveness of the Committee. Recently, one member has resigned due to his inability to attend TUSD Audit Committee meetings on a regular basis. This position was filled in October. The Committee appreciates the regular attendance of the District CFO. His regular attendance, as well as other members of his team, has made our meetings much more productive.
2. **Audit Schedule.** The Committee has met with members of the District Financial Staff and with Heinfield, Meech and Co. the District's auditors. Over the past year, Jimmy Lovelace has lead the coordination with the District's outside auditors and has kept the Committee members informed of the active progress of the audit. The Committee feels that this coordination is important due to the several audits, special audits, the comprehensive annual financial reports, as well as questionnaires etc. It is the Committee's intention to be more proactive with the auditors as the audit progresses so that we can more promptly react to issues that develop. The Committee has been proactive working with the District Financial Staff and the District Auditors. We believe this change has given

the Committee the ability to assist in early problem identification, as well as potential issue solutions.

3. **Software Installation.** The Committee continues work with the District Financial Staff to review progress of the implementation of the new software, particularly the time management piece. We commend the District Staff for suspending the installation pending reevaluation, as well as the current effort to identify and define processes in HR and Payroll areas before proceeding with the decisions on Lawson. The District Financial Staff as greatly improved in keeping the Audit Committee up to speed and what exactly is occurring in this entire area. The Committee has been assured by the District Chief Financial Officer that we will continue to receive complete information regarding this issue in the future. We cannot emphasize strongly enough that the Committee views the resolution of the software issues relating to Time Management, Human Resources, and Payroll as of the utmost importance.
4. **District Outside Auditors re-engagement.** The District's current contract with the current outside auditor's is in the final year. The Committee will be working closely with the District's financial team to issue a Request for Proposal to renew the current auditors' agreement or to choose a new outside auditor. This process will begin later this Fall and we expect a decision to be finalized early next year to give the potential auditors time to work with Heinfield, Meech and Co. for a smooth transition, if necessary.
5. **Confidential Complaint Procedure.** The Committee continues to receive and review confidential District complaints. When a complaint is filed via the District's website, copies are sent to the Chair (Cliff Altfeld) and the Vice Chair, (Robert O'Toole). The Committee proceeds by discussing the issue and deciding what action needs to be taken, if any. We have forwarded all confidential complaints to the Superintendent's office and then have follow up to make sure the issues were addressed.
6. **Internal Auditors.** The Committee is pleased that the District is considering the development of an Internal Audit department. In the past the

Committee strongly recommended that the District establish this department. We believe that this new department will make a significant contribution to the overall District productivity. And effectiveness. The Committee will continue to work closely with the District Financial Team to get this department up and running as soon as possible.

7. Subjects for review. We carry forward on our agenda the following internal control subjects for review. The list serves as our main areas of responsibilities.

- A. USFR Compliance
- B. Accounting Reports
- C. Cash
- D. Capital Assets
- E. Expenditures
- F. Procurement
- G. Payroll and Benefits
- H. Financial Reports
- I. Student Attendance Reporting
- J. Student Accounts
- K. Auditor General and internal Controls

We are pleased to answer any questions you may have at the upcoming Governing Board meeting or by phone (520-299-9306) or email (cbaltfeld@abazlaw.com). Copies of our meeting minutes are also available for your review.

~EOM