

Governing Board Audit Committee

**Annual Report to the Governing Board
July 24, 2018**

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| <p>I. Report on the scope of Audit Committee (“Committee”) activities so that the Governing Board (“Board”) is kept informed of its work</p> <ul style="list-style-type: none">▪ Audit Committee Charter – Amended and approved May 19, 2018.▪ Internal Controls – The Committee reviewed effectiveness of TUSD accounting organizational structure, operations and personnel. Additionally, the Committee provided oversight and review of the adequacy of TUSD’s internal controls, and recommended changes to management and the Board as necessary. Certain concerns were reported to the Committee by TUSD internal auditor.▪ Internal Auditor Position – Internal auditor, Mr. Demetrius Lee, declined contract extension June 2018.▪ Financial Reports - The Committee reviewed the Fiscal Year-to-Date Financial Reports as presented by Ms. Renee Weatherless to the Board during the monthly meetings. No concerns were reported to the Committee by TUSD management or staff. |
| <p>II. Report on their review of the TUSD’s annual audit report and accompanying management letter and their recommendations regarding significant findings</p> <ul style="list-style-type: none">▪ During the January 26, 2018 Audit Committee meeting, Ms. Renee Weatherless presented key highlights on the 2017 CAFR.▪ Ms. Renee Weatherless presented the audit findings. There was no management letter issued. The Single Audit reporting package and the USFR compliance questionnaire are to be issued. |
| <p>III. Report on indications of material or significant non-compliance with laws or TUSD policies and regulations</p> <ul style="list-style-type: none">▪ The Committee has not been made aware of material or significant non-compliance with laws or TUSD policies and regulations. |

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IV. Report on any other matters that the Committee believes should be disclosed to the Governing Board to assist it in governance

- Discussion with Internal Auditor – The Committee worked closely with the internal auditor to determine areas of high risk in order to develop internal audit plan and schedule.

V. Provide Minutes or a summary of Minutes of meetings which clearly record the actions and recommendations of the Committee

August 25, 2017

- **Internal Auditor Risk Plan** – Mr. Lee presented the Draft Risk Assessment Matrix, the Internal Audit Plan and Prioritization List to the Committee for the school year.
- **Semi Annual Report to the Governing Board** – Ms. Rachael Wall reported to the Committee that the written report was presented to the full governing board on August 8, 2017.
- **Committee Calendar 2017-2018** – To include deliverables and due dates from external auditors.

September 29, 2017

- **Internal Auditor Policies etc.** – Mr. Lee presented the Internal Auditor Independent Statement, Amended Audit Plan, Amended Charter and Risk Assessment Matrix. District Counsel assisted in assigning policy codes and titles.
- **Internal Auditor Update Report** – Mr. Lee met with school principals and office managers for their input. Mr. Lee also shared with the committee that the Board President requested information on the Infant Early Learning Centers.
- **Audit Committee Charter** – Mr. Rob Ross addressed the RFP process for an external auditing firm as stated under the Committees' Charter.

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October 20, 2017

- **Update on Online Complaint Process** – Mr. Ross gave details on tracking the online complaint process.
- **Update on Infant Early Learning Centers** – Mr. Lee presented his report to the Committee to be brought before the full Board.
- **Identity Fraud and Audit Policy** – Mr. Lee obtained committee approval for both policies.
- **District Budget Session** – Ms. Weatherless provided highlights that she covered during the October 17th governing board.

November 17, 2017

- **Review of External Audit Services Sealed Solicitation Process** – Mr. Kevin Startt provided the information for the process and timeline. Appointment of Committee members to serve on the RFP committee were made.
- **Internal Auditor Update Report** – Mr. Lee provided a brief update on the Title I audit status.

December 15, 2017

- **Internal Auditor Update Report** – Mr. Lee reported the Title I audit was estimated for completion in January.
- **Arizona Auditor General Performance Audit** – Ms. Weatherless reported the draft report was not available for public discussion and the exit conference was pending.

January 26, 2018

- **2017 CAFR Report** – Ms. Weatherless reported Heinfeld Meech issued a clean (unmodified) audit report. No management letter was issued.
- **Internal Auditor Report** –
 - Mr. Lee reported that Policy DIEA “Internal Auditing” will be reviewed for changes by legal counsel for Committee approval and resubmitted to the governing board accordingly.

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- Mr. Lee and Ms. Weatherless reported on the Title I audit. They reported to the committee Title I operations were efficient; they reported that not all teachers were 100% certified; assets purchased with Title I funding were properly accounted for; and parent involvement was formally documented.
- **Auction Internal Controls** – Mr. Demetrius Lee, Jeff Coleman and Peter Hodap presented information regarding the District's auction process, identify areas for improvement, and provide recommendations with different alternatives.
- **RFP No. 18-53-22 Audit Services, Selection** – Mr. Kevin Startt discussed a recommendation was submitted and was to be presented to the Board at the February 13, 2018 regular board meeting.
- **Committee meeting date/time** – Ms. Rachael Wall informed the committee Mr. Charles Andrade resigned from the committee.

February 17, 2018

- **Internal Auditor Update Report** – Mr. Lee reported to the committee he was working on the “Budget Portion” of the USP and had been working with Mr. Rob Ross and Mr. Sam Brown.
- **Internal Auditor Policy Revision** – Mr. Lee reported to the Committee he had been working with the Board President and General Counsel regarding revising the Internal Auditor Policy.
- **Audit Committee Charter Review** – Mr. Ross provided information regarding certain wording within the charter. Co-chair was amended and approved to replace with Vice-Chair. Additionally the committee approved to elect both the chair and vice-chair at the end of the school year.
- **Complaints received via various avenues** – Mr. Rob Ross two complaints had been received. One was junk email and the other had been immediately addressed.
- **RFP No 18 53 22 Audit Services Selection** – Mr. Lee informed the committee the governing board awarded the RFP on February 13, 2018.

March 2018

- **No meeting**

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April 27, 2018

- **Introduction of New Committee member** – Bernie Wiegandt
- **Internal Auditor Update report – USP** – Mr. Lee reported the committee there was only one finding that TUSD corrected.
- **Internal Auditor Policy Revision** – Mr. Lee reported the committee that the revision was board approved.
- **Due to the Red4ED walkouts**, the superintendent called an emergency meeting for the leadership team therefore remaining committee agenda items with staff reporting were tabled as a result.
- **YTD statements of Revenue and Expenditures for FUND 522, IELCs** – item tabled due to above.
- **Auditor General Performance Audit** – item tabled due to above.
- **Annual Auditor General Report** – item tabled due to above.
- **Update on External Audit** – Mr. Darin Guthrie and Mr. Jim Lovelace informed the committee, we met with the external auditors, Clifton Larson Allen, including District finance personnel and the Director of Procurement, as part of the transition team and the meeting was productive.

May 18, 2018 (approved minutes pending)

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June 22, 2018 (approved minutes pending)

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