

TUSD Audit Committee

MEMORANDUM

October 24, 2013

To: TUSD Governing Board

From: Robert H. O'Toole, Chairperson

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

- 1. Audit Schedule.** The Committee has met with members of the District Financial Staff and with Heinfield, Meech and Co. the District's auditors. In the next several months the Committee members will be involved with the active progress of the audit. Last year that procedure helped the Committee members more fully understand problems as they surfaced.
- 2. RFP for Auditors.** The Audit Committee members have been working with the District Staff to review the RFP process for selection of the Districts Outside Auditors for the next cycle. We will review the RFP and have been invited by District staff to have up to two members of the Committee sit as members of the RFP evaluation committee.
- 3. After the Fact Purchase Orders.** The most recent Audit for the past Fiscal Year 2011-2012, has shown a marked decrease in "After the Fact Purchase Orders" from previous years. The District Procurement Department has made significant strides in reducing this type of improper procurement. The Audit Committee will continue to monitor this effort.
- 4. Internal Auditor Staff.** The Audit Committee wished to, once again, urge the Governing Board to create an Internal Audit staff within the District. The need for an Internal Audit function was illustrated recently by the revelations of improper disposition of District property. Regular oversight of District Internal Procedures might have caught this problem earlier. The Audit Committee continues to believe that this function should report directly to the Governing Board as part of the Board Staff.
- 5. District Budget Execution.** The Committee sees as one of its major functions the monitoring of District Expenditures versus the Budget over the year. In past years, the

Committee and the Governing Board were provided monthly reports that showed District Expenditures in major categories. For the past year, District Staff has provided to the Governing Board a report showing Gross District expenditures to date. While helpful, a more detailed report showing expenditures by category, such as M & O Salaries and Benefits, M & O other, Capital by category, Desegregation M & O salaries, Desegregation other, Federal Programs by program, would be of greater use in evaluating the Districts true position. The Committee has been informed that this information is not now easily obtained from the current Peoplesoft or Lawson software.

6. **Invitation to Board Members.** The Audit Committee wishes to invite the members of the Governing Board to attend one of the Audit Committee meetings as Board Members are able.