

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

**January 22, 2016
2:00 p.m.**

MINUTES

Committee Members Present:

Charles Andrade, Chair
Lori K. M. Cox
Ricky Hernandez
Karla Soto, Chief Financial Officer

Committee Members Not Present:

Adelita S. Grijalva, Governing Board President

Others Present:

Sabra Castle, District Cashier, Finance
Christina Cruz, Senior Accounting Manager, Finance
Kevin Startt, Director, Purchasing
Nancy Mueller, Senior Budget Analyst, Finance
Julie Versluis, Student Finance Manager, Finance
Renee Weatherless, Director, Finance
Dan Erickson, Principal, Magee Middle School
Dr. H. T. Sánchez, Superintendent
Mary Alice Wallace, Director of Staff Services to the Governing Board
Michele C. Gutierrez, Senior Staff Assistant I to the Governing Board
AZ Daily Star

ITEM

ACTION

CALL TO ORDER – Charles Andrade called the meeting to order at 2:07 p.m.

CALL TO THE AUDIENCE

There were no persons wishing to speak.

No action required.

ACTION ITEM

1. December 18, 2015 Minutes

Karla Soto moved approval, Ricky Hernandez seconded. Approved 3-0, in a voice vote. Ms. Cox Abstained.

STUDY/ACTION ITEMS

2. Audit, USFR Findings, Compliance Questionnaire, Review of Audit Findings

Corrective Action Plan

- Finance – Renee Weatherless
- Purchasing – Kevin Startt
- Asset Management – Christina Cruz
- Attendance Accounting – Nancy Mueller
- Student Finances – Julie Versluis
- District Cashier – Sabra Castle

Charles Andrade authorized to report to Board. Ricky Hernandez moved approval, Lori Cox seconded. Approved Unanimously in a voice vote.

Karla Soto handed out the Corrective Action Plan that she and her staff put together to discuss with the Audit Committee and presented information. There are seven Audit Findings. See attached Audit Findings and Corrective Action Plan for each one. She introduced her staff who presented information .

Number 1 – Property Control – Christina Cruz

Number 2. Procurement and Expenditures – Christina Cruz

Number 3. Procurement and Expenditures – Kevin Startt

Number 4. Classroom Site Fund – Christina Cruz

Number 5. Student Attendance Reporting – Nancy Mueller

Number 6. Auxiliary Operations & Extracurricular Activities Fees Tax Credit Funds – Julie Versluis

Number 7. Student Activities Fund – Sabra Castle

Ms. Soto also distributed a chart outlining findings for 2004 to present.

Charles Andrade was authorized by vote to report to the Board and will e-mail a memo on behalf of the committee to the Director of Staff Services to the Governing Board, concurring with the Corrective Action Plan for the seven findings that the Finance Team presented and will be presenting to the Governing Board during the January 26, 2016 Special Board Meeting. Charles Andrade will also attend the January 26th Special Board meeting in case the Board has any questions.

Persons commenting were Charlie Andrade, Dr. Sánchez, Lori Cox and Ricky Hernandez.

3. Draft Revisions of the Audit Committee Charter

Lori Cox discussed her revisions on the Audit Committee Charter. She went over the guidelines for the Internal Auditor, once hired, to create a charter for the position that is required. For the next scheduled committee meeting, Lori Cox will provide a sample copy of a charter for the Internal Auditor.

Mary Alice Wallace commented that Governing Board member Cam Juárez requested a board agenda item to change the voting status of the Governing Board Representative and Chief Financial Officer to Ex-Officio (non-voting) members of the committee. The item is scheduled for study at the January 26, 2016 Special Governing Board meeting. The revision of the Audit Committee Charter is scheduled for Action on February 9, 2016.

Charles Andrade stated that he would attend the February 9th Regular Governing Board meeting to provide information and respond to Board inquiries.

Ricky Hernandez made the motion to submit the revisions to the Audit Committee Charter to the Board for approval highlighting the revisions on the board agenda item, and indicating future revisions may be proposed relevant to the Internal Auditor. The proposed charter is attached to these Minutes.

Ricky Hernandez moved approval, Lori Cox seconded. Approved Unanimously in a voice vote.

Persons commenting were Charlie Andrade, Ricky Hernandez, Lori Cox and Karla Soto.

4. Proposed Agenda Items and/or Additional RFI's and Future Agenda Items

No action required.

Internal Control Issues

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

Items that would be on the next scheduled meeting based on discussion of each item throughout the meeting were the recurring items for each meeting.

New items for the February 22, 2016 will be Update on Internal Auditor Position, and Internal Auditor Language of the Charter, for which Lori Cox will provide information.

5. Meeting Date/Time

The next meeting will be on Monday, February 22, 2016.

ADJOURNMENT – 3:49 p.m.

Karla Soto moved approval, Ricky Hernandez seconded. Approved Unanimously in a voice vote.

Approved this 22nd day of February, 2016.

TUSD GOVERNING BOARD AUDIT COMMITTEE

By _____
Charles Andrade
Audit Committee Chair

To: TUSD Audit Committee Members
From: TUSD Financial Services Department
Re: FY2015 USFR Compliance Questionnaire Audit Findings Corrective Action Plan

Number 1. Property Control

The District's stewardship list did not include the location of items.

District Response:

Clarification on the meaning of the finding----The asset listing does reflect the site as the location of the asset, but does not pin point the location down to the room number.

TUSD has not previously tracked assets down to the level of the room number due to the manual nature of our processes.

Corrective Action:

- In conjunction with the implementation of our new ERP system we will also be implementing, as phase II, a bar coding system to track assets to the depth necessary to ensure proper stewardship.
- The bar coding system will enable us to track the asset from the time it comes to the central receiving warehouse through delivery to the site. New procedures will be put in place to ensure that room location will be reflected as part of the location of the asset.
- Sites will be given the capability in the bar coding system to record movement of assets from one room to another, this will keep location information more contemporaneous and aid in the inventory process.
- The conversion from high level location designation to room specific is a very large undertaking and will impact the entire district; coordination and planning plus effective project management will be crucial to the success of this project.

Number 2. Procurement and Expenditures

The Instructional Improvement and Student Success funds had negative cash balances at year end. Sufficient receivables existed for the Instructional Improvement funds to cover the deficit.

District Response:

This was a two part finding regarding cash controlled funds. The first instance was a rounding error during a fund close out that caused a nominal negative balance of \$4.00. In the year end balance review that negative balance was missed.

Corrective Action:

- We will adjust our process for review of balances on cash controlled funds to more effectively identify accounts with negative balances.

- The second instance was a timing issue between posting date of a year end adjustment made to the fund and the deposit date of fund proceeds. As noted in the audit finding “Sufficient receivables existed for the Instructional Improvement funds to cover the deficit.” What this notation means is the journal entry was posted in the month of June, the fund proceeds were received and posted in the month of July during our fiscal year encumbrance period.
- We will adjust our processes on review of year end journal entries in cash controlled funds to verify sufficient balances exist in the fund before any journal is finalized. This practice, however, will have an impact on the budgeting process as we will not be able to spend budgeted funds without knowing how much funding is delayed and received during the encumbrance period of July and August each year.

Number 3. Procurement and Expenditures

For one of 15 expenditures reviewed, sufficient oral quotes were not obtained.

District Response:

Documentation of specific price quotes for this particular procurement was not included on the Quote Summary Form. Instead, qualitative factors (undefined proposed discount percent) were used in the evaluation of responses and subsequent award recommendation. In the future, a Purchasing Department Staff Member will review the documentation associated with the Quote Summary Form to assure that the required price quotes are included, as applicable.

Corrective Action:

- Purchasing Department Procurement Specialists and Agents have been updated during staff meetings on the need for the required price quotes during the quotation process and that discounts alone are not an acceptable factor in determining award.
- Procurement educational outreach to District Staff involved in the procurement process will emphasize the requirement for specific price information during the quotation process.

Number 4. Classroom Site Fund

Transactions were not recorded in Classroom Site funds at the time the monies were expended. The expenditures were recorded through a journal entry at the end of the fiscal year.

District Response:

Salary schedules previously had Classroom Site fund allocations imbedded in the total on the base salary schedule. This necessitated an adjustment at the end of the fiscal year to allot that portion to the Classroom Site fund.

Corrective Action:

- With the implementation of a new ERP system and through negotiations regarding distribution of Classroom Site funds the above process has been discontinued in fiscal year 2016. The Classroom Site fund allocations are now reflected on separate pay schedules and treated as supplemental teacher pay. This enables the payroll expenditure to be charged directly against the fund as payroll is incurred.

Number 5. Student Attendance Reporting

For one of 15 withdrawals, the date in the computerized system (3/4/15) did not agree to the withdrawal form (3/5/15).

District Response:

- Established internal audit procedures fiscal year 2003
- Established Mojave training FY 2001 through Technology Services
- Established job alike meetings with attendance techs and office managers
- Presented at Back to School Conferences (now STARS training)
- On-going one-on-one procedure and policy training as needed for new or returning staff
- External audits for selected sites
- Monitor SAIS uploads and check for failures

Current Corrective Action:

- Continue internal audits
- Communicate with principal on audit results
- Provide copies of the audit to Leadership and Chief Financial Officer
- Return visits to school sites when appropriate (poor audit results)
- Mandatory Heinfeld, Meech & Co. training
- External audits for selected sites
- On-going one-on-one procedure and policy training as needed for new or returning staff
- Advise school staff on best practices

Proposed changes/actions:

- Expand audits to include recommendations for overall site improvement
- More concise and honest feedback on audits
- Establish protocol to report non-compliance issues (results reviewed by SLT)
- Review Attendance Technicians/Office Assistant job description to ensure that integral job functions related to attendance reporting compliance are included as part of job responsibilities
- Review Office Manager job description to ensure that integral job functions related to attendance reporting compliance are included as part of job responsibilities and are backup to key attendance personnel
- Review the relationship between the Techs/Office Manager/Principals to ensure proper communication is in place so that tasks are completed
- Ensure that key personnel related to attendance reporting and compliance receives necessary Synergy training.

TUCSON UNIFIED
SCHOOL DISTRICT

Attendance Accounting

School: _____
 Date: _____
 Principal: _____
 Attendance: _____
 Office Mgr.: _____

TUSD AUDIT CHECK LIST	# OF EXCEPTIONS	DETAIL OF EXCEPTIONS
Official Notice of Pupil Withdrawal form completed with withdrawal dates and withdrawal codes corresponding with Mojave data & E/W Register for all withdrawals. Dates matching within 5 days		
Registration Form in Cum completed with enrollment dates and enrollment codes (E3, E6; within 5 days) corresponding with Mojave's data and E/W Register		
Reaffirmation of Address in Cum (completed yearly)		
Data Verification Report verified and corrected daily.		
Bell Schedule Student Hours Listing Report Corrected and ran monthly		
Attendance By Student: reflects NO students with 10 or more unexcused absences. Ran daily/weekly		
Office Manager/Principal verifies SAIS uploads		
CEC-B Log updated		
SAIS Notebook up to date including ecklists & reports and Concurrent Enrollment Report printed with each submission		
Enrollment/Withdrawal Register checked weekly with Statistic Report.		
Sign-Out and Sign-In Log completed daily.		
Telephone Log completed daily.		
Birth Certificate in cum		
Class Absence Log; Parent Link procedures		
Office Manager verifies completion of attendance/state policies as the back up at each site		
COMMENTS / RECOMMENDATIONS		

Number 6. Auxiliary Operations & Extracurricular Activities Fees Tax Credit Funds

Several school sites received tax credit contributions during the fiscal year but did not report participation fee receipts in accordance with the Governing Board approved fee schedule.

Past/Current Procedures:

- Tax Credit Memo Guideline written by past Legal Counsel of the Legal Department
- Tax Credit Eligible Extracurricular Activity (ECA) Form attached to each requisition request
- Office Stars Training Power Point Presentation for office/finance managers prior to school year
- Established an Adopted TUSD Extracurricular Activity Fee Schedule for each grade level
- Established process and procedures for request of new tax credit extracurricular eligible activities and Student Participation Fee Waiver/Reduction Form
- As requested, individual meetings w/school site personnel
- FY 15/16 - July, implemented at nine high schools a point-of- sale system (POS)

Proposed Procedures:

- Revised/Updated Tax Credit Memo Guideline drafted by Legal in conjunction with Finance
- An example list (not all inclusive) of allowable/non-allowable purchases

- Item # 9 of ECA Form indicates if activity participation fee is being waived (all or part) – student participation fee waiver/reduction form needs to be completed and principal must indicate alternative funding source
- Student Finance staff confirms collection of board approved participation fees to expenditures
- Strategic Priority 5: External Funding - Training to Principals and Site Council Facilitators
- Establish mandatory one-on-one training with office managers through True North Logic
- Implement new POS system – InTouch for elementary/middle schools
- Provide Leadership if board approved participation fees are not being collected in accordance with Governing Board approved Activity Fee Schedule

Number 7. Student Activities Fund

For 1 of 15 receipts reviewed, supporting documentation for the deposit of student funds could not be provided.

District Response:

The Cash Collection – Ticket Sale Form that enables clubs to reconcile cash collected to quantity and price of items sold was not fully completed by the site.

TUSD

TUSD STUDENT ACTIVITIES Cash Collection/Ticket Sale Report

School _____ Activity # 850
 Club Name _____ Date _____
 Description of Event _____
 Club Officer/Sponsor _____

Denomination	Cash Returned	Recap		
Checks	_____	Ticket Sales (if applicable)		
\$100.00	_____	Beg Ticket#	End Ticket#	Number Sold
\$50.00	_____			0
\$20.00	_____			0
\$10.00	_____			0
\$5.00	_____			
\$1.00	_____			
\$0.50	_____			
\$0.25	_____			
\$0.10	_____			
\$0.05	_____			
\$0.01	_____			
Other	_____			
Totals	\$0.00	Quantity Sold <small>(Tickets or Product)</small>		_____
		Price <small>(If various prices, attach separate list of item/price/quantity sold)</small>		_____
		Total Sales <small>(Quantity sold x price)</small>		\$0.00
		Donations		_____
		Total Deposit		\$0.00

Club Officer Signature Date _____

Club Sponsor Signature Date _____

A club officer and the club sponsor must complete this form. The completed form must accompany the money turned into the Office Manager or High School Finance Manager. Office Managers and High School Finance Managers will attach completed forms to the deposit transmittal or Sales By Receipt report when turned into the District Cashier. Incomplete forms will be returned by the District Cashier and will result in a delay of recording revenue to the ERP.

Past procedure with current corrections in red:

- Club Sponsor attends optional training
- Club Sponsor and Administrator signs Sponsor Declaration Form that is submitted and kept on file in the Student Finance Office
- Club Sponsor/Officer completes Cash Collection-Ticket Sale Form reconciling revenue collected to quantity and purchase price of items sold and explains any differences (i.e., gave incorrect change, student only had \$2 for a Dance that cost \$3 and let student in rather than have them wait outside 2 hours for guardian to pick them up, etc.)
- Club Sponsor/Officer brings cash and Cash Collection-Ticket Sale Form to Office/Finance Manager
- Office/Finance Manager verifies and completes a second reconciliation of the Cash Collection-Ticket Sale Form to cash
- District Cashier receives deposit paperwork that includes Cash Collection-Ticket Sale Form and validated bank deposit slip
- District Cashier verifies and completes a third reconciliation of the Cash Collection-Ticket Sale Form to the bank-validated deposit slip.
 - If there is no reconciliation discrepancy, District Cashier records deposit in ERP
 - If there is a reconciliation discrepancy or the Cash Collection-Ticket Sale Form is missing
 - For elementary, middle, and K-8 schools, District Cashier emails Office Manager, cc's Principal/Assistant Principals, for correction
 - District Cashier records the deposit in the ERP when the discrepancy is corrected or explanation that the discrepancy cannot be corrected is received (i.e., club did not correctly document how much each car paid to have their car washed, etc.)
 - **To prevent continual use of an explanation that a discrepancy cannot be corrected, District Cashier emails relevant Assistant Superintendent and Director, cc's Office Manager/Principal/Assistant Principal when a site provides an explanation in lieu of a correction.**
 - For high schools using InTouch, District Cashier records revenue in ERP club holding account controlled by Finance; Finance Managers and staff with access to the ERP Infinite Visions can see what is in the holding account for their site and contact sponsors for corrected information.
 - District Cashier records the revenue to the correct club account, reducing the amount in the club holding account controlled by Finance when the discrepancy is corrected or explanation that the discrepancy cannot be corrected is received (i.e., club did not correctly document how much each car paid to have their car washed, etc.)
 - **To prevent continual use of an explanation that a discrepancy cannot be corrected, District Cashier emails relevant Assistant Superintendent and Director, cc's Office Manager/Principal/Assistant Principal when a site provides an explanation in lieu of a correction.**

Future procedure:

- Club Sponsor ~~attends optional~~ **completes and passes mandatory** training **presented on TUSD's Professional Learning Portal.**
- Club Sponsor and Administrator signs **revised** Sponsor Declaration Form that is submitted and kept on file in the Student Finance Office

TUSD

TUCSON UNIFIED SCHOOL DISTRICT
SPONSOR'S DECLARATION

As a sponsor of a club at:

_____ at _____
(Club Name) (Name of School)

I acknowledge that funds earned by the efforts of students have been defined by ARS 15-1121-1123 and Governing Board Policy JJE and JJE-R as student activity funds.

I further acknowledge that the only lawful repository of student funds is a bank account established by the Governing Board. This account is called the Student Activities Fund and is managed by the Student Finance Office of TUSD.

I am aware that all monies received by the club must be receipted at the time the money is received, either by ticket sales, pre-numbered receipts, or documentation on daily class/club/customer lists.

I am aware that a fully completed Cash Collection – Ticket Sale Form that includes a reconciliation of items sold to cash collected must be turned in to the Office/Finance Manager with the monies to be deposited daily.

I am aware that all student funds are required to be deposited in the approved bank account in their entirety as they are earned.

I am aware that all goods and services received by a club must be received on a valid purchase order prepared by the Student Finance Office.

I am aware that I am personally not allowed to contract for goods and services on the behalf of any TUSD entity.

I have a copy of the Student Activity Fund Policy and Procedures Manual and have read and understand Governing Board Policies DJ, JJA, JJE, JJF, GBEEA and their accompanying Administrative Regulations.

I have been given an orientation by my supervising administrator regarding these and other issues involved in my responsibilities as a club sponsor.

I am aware of the new After the Fact (3 strikes you're out) Purchasing Policies. I will not procure items before a purchase order is issued from the Student Finance Office.

Sponsor Signature

Date

Administrator Signature

Date

STF1107

Revised: 01/20/16

- Club Sponsor/Officer completes Cash Collection-Ticket Sale Form reconciling revenue collected to quantity and purchase price of items sold and explains any differences (i.e., gave incorrect change, student only had \$2 for a Dance that cost \$3 and let student in rather than have them wait outside 2 hours for guardian to pick them up, etc.)
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 - For high schools using InTouch, District Cashier records revenue in ERP club holding account controlled by Finance; Finance Managers and staff with access to the ERP Infinite Visions can see what is in the holding account for their site and contact sponsors for corrected information.
 - District Cashier records the revenue to the correct club account, reducing the amount in the club holding account controlled by Finance when the discrepancy is corrected or explanation that the discrepancy cannot be corrected is received (i.e., club did not correctly document how much each car paid to have their car washed, etc.)
 - To prevent continual use of an explanation that a discrepancy cannot be corrected, District Cashier emails relevant Assistant Superintendent and Director, cc's Office Manager/Principal/Assistant Principal when a site provides an explanation in lieu of a correction.

Tucson Unified School District No. 1 Governing Board Audit Committee

Charter

Mission

The Governing Board of Tucson Unified School District No. 1 (“the District”) has established an Audit Committee as an advisory panel to provide independent advice, assistance, and recommendations to the Governing Board in the oversight of the internal and external audit functions of the District.

Composition and Requisite Skills

The Audit Committee shall be comprised of no more than seven and no fewer than three members of the public, appointed by the Governing Board, in addition to the two ex-officio members described below. Each member’s term is for four years. The maximum number of consecutive years a voting member may serve is eight. All terms of office shall end in August of the final year of the member’s term regardless of when the appointment was made by the Governing Board. In the event of a vacancy on the Committee before the expiration of the vacating member’s term, the Governing Board shall appoint a person to serve for the remainder of the term of the vacant seat. That person may be reappointed at the end of the term at the discretion of the Governing Board.

Public members of the Audit Committee shall reside within the boundaries of the District and shall, through education or experience, possess the knowledge in accounting, auditing, financial reporting, and school district finances needed to understand and evaluate the District’s financial statements, external audit, and the District’s internal compliance and implementation activities.

The following shall serve as non-voting (ex-officio) members of the Committee:

- The District’s Chief Financial Officer; and
- A designated member of the Governing Board, who shall be appointed annually.

The Committee may select its own Chair by majority vote.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee include the following:

A. External Audit

1. Provide advice to District staff and/or the Governing Board regarding the process for selection of the external auditor. Such advice may include review of the Request for Proposal for Auditing Services, and designation of one or more representatives to the selection committee for the procurement of auditing services.
2. Meet with the external auditor prior to commencement of the audit to, among other things, review the engagement letter.

3. Review and discuss with the external auditor any risk assessment of the District's fiscal operations developed as part of the auditor's responsibilities under governmental auditing standards for a financial statement audit and federal single audit standards, if applicable.
4. Receive and review the draft annual audit report and accompanying draft management letter, including the external auditor's assessment of the District's system of internal controls, and assist the Governing Board in interpreting such documents.
5. Make a recommendation to the Governing Board on accepting the annual audit report.
6. Review plans developed by the School District and assist the Governing Board monitoring the implementation of any corrective actions needed to address adverse audit findings.

B. Internal Compliance Focus

1. Assist in the oversight of internal compliance functions, including plans and processes to ensure that high risk areas and key control activities are periodically evaluated and tested.
2. Make recommendations to District staff and the Governing Board as to personnel and systems designed to enhance internal controls.

C. Administrative Matters

1. Hold regularly scheduled meetings
2. Review and revise the Audit Committee Charter, as necessary.

Membership Duties

Members may be removed from the Audit Committee at the discretion of the Governing Board for cause, including inadequate meeting attendance. The membership duties of the Audit Committee include the following:

A. Good Faith

Members of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and the District with such care as a generally prudent person in a similar position would use under similar circumstances.

B. Independence

An individual, other than those ex-officio members noted above, may not serve on the Audit Committee if he/she:

1. Is an employee or an independent contractor of Tucson Unified School District (TUSD);
2. Owns, or has a direct and material interest, or holds a leadership position in a company which provides substantial goods or services to TUSD;

3. Is an immediate family member or close family member of someone who is defined under Paragraph B(2) of the “Membership Duties” section of the Charter. An “immediate family member” is defined as a spouse, spouse equivalent or dependent, whether or not related. A “close family member” is defined as a parent, sibling or nondependent child.
4. Is an immediate family member or close family member (as defined above under Paragraph B(3) of the “Membership Duties” section of the Charter) of a person who serves in a leadership capacity within the District. For the purposes of this section, “leadership capacity” is defined as school principal or any District administrator who directs or manages a school or department, including directors and any member of the Superintendent’s leadership team. These are individuals who are generally individually appointed by the Governing Board.

C. Confidentiality

During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to the District to maintain the confidentiality of such information.

D. Conflict of Interest

Whenever a Committee member, with the exception of the ex-officio members, has a pecuniary or proprietary interest, either direct or indirect, other than a remote interest in any matter coming before the Audit Committee, the affected member shall:

1. Fully disclose the nature of the interest; and
2. Withdraw from any discussion or voting on the matter.

Any transaction or vote involving a potential conflict of interest shall be approved only when a majority of the disinterested Committee members determines that it is in the best interest of the District to do so. The Minutes of meetings at which such votes are taken shall record such disclosure, abstentions and rationale for approval.

Meetings and Notification

The Audit Committee shall meet a minimum of six times each year. An agenda of each meeting should be clearly determined in advance and the Audit Committee should receive supporting documents in advance for reasonable review and consideration. As an advisory committee to the Governing Board, the Audit Committee is subject to the requirements of the Arizona Open Meeting Law.

The Audit Committee may ask members of management or others to attend its meetings and provide pertinent information as necessary.

The Audit Committee shall give notice and prepare Minutes of each meeting. At a minimum, the Minutes will include the following:

- The meeting agenda
- Date, attendance and location of the meeting
- Except as otherwise provided by law in connection with executive sessions, summaries of the topics discussed, and all motions, proposals, resolutions and any other matter formally voted upon and the vote taken thereon, including recommendations agreed to by the Committee; and
- As appropriate, copies of materials discussed or presented at the meeting.

Decision-Making Process

All decisions shall be reached by vote of a simple majority of the members in attendance. A quorum constitutes a simple majority of the total membership eligible to vote. Meetings will not be conducted unless a quorum is present. Members who are physically absent from a meeting can participate through audio or video connections. Proxies cannot be granted.

Reporting Requirements

The Audit Committee has the duty and responsibility to report its activities to the Governing Board as needed, but not less than annually in June. Periodic written reports of Audit Committee activities are an important communication link between the Audit Committee and the Governing Board on key decisions and responsibilities. The Chair of the Audit Committee, or their designee, shall be required to report the activities of the Committee to the Governing Board. The Audit Committee shall:

- Report on the scope and breadth of Committee activities so that the Governing Board is kept informed of its work;
- Provide Minutes or a summary of Minutes of meetings which clearly record the actions and recommendations of the Committee;
- Report on their review of the District's annual audit report and accompanying management letter and their recommendations regarding significant findings;
- Report on suspected fraud, waste or abuse, or internal control findings and activities of the internal control function;
- Report on indications of material or significant non-compliance with laws or District policies and regulations.
- Report on any other matters that the Committee believes should be disclosed to the Governing Board to assist it in governance.

Review of the Charter

The Audit Committee shall assess and report to the Governing Board on the adequacy of this Charter as necessary. Charter modifications, as recommended by the Audit Committee, should be presented to the Governing Board in writing for review and action.