

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

**May 18, 2018
2:00 p.m.**

MINUTES

Committee Members Present:

Rachel Wall, Chair
Jimmy Lovelace, Vice-Chair
Darin Guthrie
Bernie Wiegandt

Committee Members Not Present:

Charles Kill

Others Present:

Reem Kievit, Director, Community Schools and Preschool Programs
Renee Heusser, Director, Human Resources [arr @ 2:24 p.m.]
Blaine Young, Chief Technology Officer, Technology Services [arr @ 2:08 p.m.]
Demetrius Lee, Internal Auditor
Renee Weatherless, Executive Director, Financial Services
Robert S. Ross, Jr., General Counsel [left @ 2:43 p.m.]
Mary Alice Wallace, Director of Staff Services to the Governing Board
Michele C. Gutierrez, Senior Staff Assistant I to the Governing Board

ITEM

ACTION

CALL TO ORDER – 2:03 p.m.

Audit Committee attendance was established via self-introductions.

CALL TO THE AUDIENCE

Audit Committee Chair, Rachel Wall read the protocol for CTA.
Persons who spoke at Call to the Audience were: Dolores de Vera re: Substitutes; Dick Bayse re: Former Julia Keen Elementary School and the lease agreement with Flowers and Bullets Collective and Julia Keen Elementary School; Sylvia Campoy re: Fisher-Mendoza Desegregation Budget.

No action required.

Audit Committee Chair Rachel Wall asked if committee members wanted to respond to Call to the Audience.

There were no comments from the committee.

ACTION ITEM

1. February 16, 2018 Minutes

Darin Guthrie made corrections to page 5 of the February 16, 2018 minutes.

Jimmy Lovelace moved approval with suggested corrections by Darin Guthrie; Darin Guthrie seconded. Approved Unanimously, in a voice vote. 4-0. Bernie Wiegandt Abstained.

2. April 27, 2018 Minutes

Unavailable at this time.

Not addressed.

3. Election of Chair and Vice-Chair

Darin Guthrie nominated Jimmy Lovelace for Chair. Jimmy Lovelace accepted and nominated Darin Guthrie for Vice-Chair. Darin Guthrie accepted.

Darin Guthrie moved approval, Bernie Wiegandt seconded. Approved Unanimously, in a voice vote. 4-0.

Vice-Chair Jimmy Lovelace moved to address Study/Action Item #6 before Items #4 and #5. Seconded: Darin Guthrie. Approved Unanimously, in a voice vote. 4-0.

STUDY/ACTION ITEMS

6. Internal Auditor Update – USP \$2 Million Dollar Variance

- Demetrius Lee

No action required.

Mr. Lee broke down Item 6 into sections of 6a, 6b and 6c.

6a – Notes to the Schedule of Desegregation Expenditures – Budget and Actual Year Ended June 30, 2017

Jimmy Lovelace inquired about the \$2 million dollar variance that TUSD's Transportation's budget exceeded for FY 2017.

Demetrius Lee and Renee Weatherless provided information and responded to the Audit Committee inquiries.

Mr. Lee explained to the committee the equal split of the transportation expenses with the breakdown of 60/40, M & O: 60%; Desegregation: 40%. Recommendations were made to the Executive Director of Finance and the Desegregation Department.

Persons commenting/asking questions were Jimmy Lovelace, Rachel Wall and Darin Guthrie.

4. Introduction to ESI Contract No action required.

Renee Heusser provided information and responded to the Audit Committee inquiries. She explained the partnership between TUSD and Educational Services, Inc. (ESI). She provided information and the process for TUSD retirees to return back to work as substitutes.

Persons commenting/asking questions were Jimmy Lovelace, Darin Guthrie and Demetrius Lee.

5. Auditor General Performance Audit No action required.

Renee Weatherless and Blaine Young provided information and responded to the Audit Committee inquiries. Ms. Weatherless covered the findings pertaining to the review of employee salaries, positions and implement ways to reduce administrative costs.

Mr. Young went over the handout with his plan of action for the finding of lack of adequate computer controls (password strengths).

Persons commenting/asking questions were Rachel Wall, Darin Guthrie, Jimmy Lovelace and Demetrius Lee.

7. Year-to-date Statements of Revenue and Expenditure for Fund 522-IELCs and Overhead Numbers No action required.
- Renee Weatherless
 - Reem Kievit

Reem Kievit and Renee Weatherless provided information and responded to the Audit Committee inquiries. Ms. Kievit informed the committee of the ways for trying to show profits for both centers. Earlier this year the Governing Board approved a twenty percent increase to tuition. She has been working with Finance and Food Services to cuts costs.

Persons commenting/asking questions were Jimmy Lovelace, Darin Guthrie, Demetrius Lee and Rachel Wall.

Vice-Chair Jimmy Lovelace moved to postpone Study/Actions Items 8 and 9 to the next scheduled meeting, due to the number of items left to address on the agenda. Seconded: Darin Guthrie. Approved Unanimously in a voice vote 4-0.

8. FY18 Expenditure Update Item Postponed.
• Renee Weatherless

9. Up-to-Date Budget to Actual by Function Item Postponed.
• Renee Weatherless

10. Reserve Funds No action required.
• Renee Weatherless

Renee Weatherless defined restricted and unrestricted funds and added that in the information provided there was a full report of the fund balances which were identified by functions. She covered the Classroom Dollars. Renee Weatherless provided information and responded to the Audit Committee inquiries.

Darin Guthrie inquired when the district receives a gift of money what type of fund would it go into. Renee Weatherless stated that the gift of monies go into a Gifts and Donation Account.

Persons commenting/asking questions were Jimmy Lovelace, Darin Guthrie, Rachel Wall and Demetrius Lee.

11. Cash Balance Reports No action required.
• Renee Weatherless

Jimmy Lovelace requested a Cash Balance Report be generated and presented at each meeting as an ongoing item. Renee Weatherless provided information and responded to the Audit Committee inquiries.

Persons commenting/asking questions were Jimmy Lovelace, Bernie Wiegandt and Demetrius Lee. Rob Ross provided legal advice.

12. Annual Auditor General Report – Classroom Report No action required.

Renee Weatherless went over the Arizona School District spending report for the District.

Persons commenting/asking questions were Jimmy Lovelace and Bernie Wiegandt.

13. Annual Report to the Governing Board at the June 12, 2018 No action required.

The committee discussed what information would be on the annual report and the options of Board meeting dates in which to present to the Governing Board. A copy of last year's Board Agenda Item, along with the report that Rachel Wall presented, was discussed. Jimmy Lovelace requested from Rachel Wall the template for the report.

Persons commenting/asking questions were Rachel Wall, Darin Guthrie, Bernie Wiegandt and Mary Alice Wallace. Rob Ross provided information and responded to the Audit Committee inquiries.

14. Finance Department and Gibson Report Update on Recommendation regarding the Finance Department No action required.

- Renee Weatherless

Jimmy Lovelace inquired regarding the update on the Gibson Report. Where is the Finance Department currently based on the recommendations made back in May 2014 when the report was completed.

Renee Weatherless provided information and responded to the Audit Committee inquiries. She reported that the Finance Department fulfilled the number of positions recommended in the report, going from 52 to 40 employees.

Persons commenting/asking questions were Jimmy Lovelace, Darin Guthrie and Rachel Wall.

15. Standing Item: Complaints Received via Various Avenues No action required.

Rob Ross stated that one regarding Hudlow Elementary School and one with an alphabet were received. No action required.

Rachel Wall commented.

6(b) – Public Concerns No action required.

- Demetrius Lee

Demetrius Lee went over with the committee the handout that contained the public concerns received.

Persons commenting/asking questions were Darin Guthrie and Jimmy Lovelace.

6(c) – Time Clock Review Report

- Demetrius Lee

No action required.

Demetrius Lee explained to the committee that currently the District's pay periods go from Saturday through Sunday but starting July 1, 2018 pay periods would change to Thursday through Wednesday. Renee Weatherless added the shift would go from 10 days to 7 days.

In Mr. Lee's findings, since the employees started using the time clock, he found one employee had 312 time edits out of 328 days worked. That is 95% of work days. Another finding was a supervisor that no longer worked with the district was approving the employee's time for over a week which meant the supervisor's password was shared. Mr. Lee covered the recommendations for each finding.

Darin Guthrie commented and asked questions.

16. Open Meeting Law (Request for Public Information, Interaction with public during Call to the Audience and meeting)
- Rob Ross

No action required.

Rob Ross provided to the committee a handout titled Open Meeting Law Basic for TUSD Committees and School Councils. Mr. Ross covered the different ways that agenda packets are available to the public. A Call to the Audience is part of the agenda. Once the Call to the Audience is done, no one from the public has the right to speak or interact with a committee member during the meeting.

Mary Alice Wallace stated that a review packet is available to the public and available at each committee meeting.

Persons commenting/asking questions were Jimmy Lovelace, Darin Guthrie, Rachel Wall and Bernie Wiegandt.

17. Audit Committee Charter Review

Darin Guthrie moved to approve the amended version of the Audit Committee Charter and to submit to the Governing Board for Board approval. Seconded: Jimmy Lovelace.

Darin Guthrie moved approval, Jimmy Lovelace seconded. Approved Unanimously, in a voice vote. 4-0.

Persons commenting/asking questions were Darin Guthrie and Jimmy Lovelace. Rob Ross provided legal advice.

18. Meeting Date/Time

No action required.

The next scheduled meeting is on Friday, June 22, 2018.

19. Future Agenda Item(s)

No action required.

Items for the June meeting will be; April and May Minutes of the Audit Committee; Annual Report to the Governing Board, ESI Contract Update with Procurement and address Items 8 and 9 that were postponed.

Standing Item: Complaints Received via Various Avenues; and review of the Audit Committee Charter.

Persons commenting/asking questions were Rachel Wall, Darin Guthrie and Jimmy Lovelace.

Jimmy Lovelace moved to accept "Draft" agenda for the June committee meeting. Seconded: Darin Guthrie. Approved Unanimously in a voice vote 4-0.

ADJOURNMENT – 4:35 p.m.

Jimmy Lovelace moved approval, Bernie Wiegandt seconded. Approved Unanimously, in a voice vote. 4-0.

Approved this 17th day of August, 2018.

TUSD GOVERNING BOARD AUDIT COMMITTEE

By _____
Jimmy Lovelace
Audit Committee Chair