

AGENDA
Board Audit Committee
6:00 PM
September 25, 2012
Superintendent's Conference Room
East Side Union High School District Education Center
830 North Capitol Avenue
San Jose, CA 95133-1398

In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications or accommodations, including auxiliary aids or services, in order to participate in the public meeting of the Audit Committee, please contact the office of the District Superintendent at (408) 347-5011. Notification 72 hours prior to the Regular Meeting will enable the District to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the District shall also make available this agenda and all other public records associated with this meeting in appropriate alternative formats for persons with a disability.

1. **Call to Order/Roll Call**

2. **Introductions**

3. **Adopt Agenda**

4. **Special Order of Business**

Individuals may be permitted to present an item out of order on the agenda to accommodate their schedules.

5. **Public Comments**

Members of the public may address the Audit Committee on any subject not on the agenda; however, provisions of the Brown Act (Government Code 54954.2(a) and 54954.3) preclude any action. As an unagendized item, no response is required from the Audit Committee or district staff and no action can be taken; however, the Committee may instruct the Chair to agendize the item for a future meeting.

6. **Approval of Minutes**

Action: Minutes from the August 28, 2012, meeting will be presented for approval.

Internal Auditor / Chair / Vice Chair

7. **Discussion/Action: Updates** - Chair Nguyen and Vice Chair Martinez-Roach

8. **Discussion/Action: Response from Administration to Internal Auditor's Report** – Superintendent Funk and Associate Superintendent Battle

9. **Discussion/Action: Senior Manager of Internal Controls Status/Update** – Chair Nguyen and Vice Chair Martinez-Roach

10. **Discussion/Action: Update on GASB Bills** – Vice Chair Martinez-Roach

11. **Discussion/Action: Bingo at School Sites** – Vice Chair Martinez-Roach

12. **Discussion/Action: Fraud/Waste/Abuse Hotline** - Chair Nguyen and Vice Chair Martinez-Roach

External Auditor

13. **Discussion/Action: Update by External Auditor regarding East Side Union High School District**
Ahmad Gharaibeh, External Auditor, will provide an audit update to the Committee.

Superintendent

14. **Discussion/Action: School Connected Organizations – Board Policy, Administrative Regulation, and Administrative Bulletin** – Superintendent Funk and Associate Superintendent Battle

15. **Discussion/Action: Cash Handling** - Superintendent Funk and Associate Superintendent Battle

- **Training for School Site Staff & ASB Students**
- **Reporting**
- **Policy / Administrative Regulation / Administrative Bulletin (status)**

16. **Discussion/Action: Inventory Fixed Assets** – Associate Superintendent Battle

17. **Discussion/Action: Storage of Records** – Superintendent Funk and Associate Superintendent Battle

Audit Committee Business

18. **Discussion/Action Future Meetings**

Under this item the Audit Committee may schedule future meeting dates and times.

19. **Superintendent Communications/Comments**

- Chris D. Funk, Superintendent
- Marcus Battle, Associate Superintendent of Business Services

20. **Audit Committee Member Comments**

Individual Audit Committee members may report on programs, conferences, meetings attended and/or items of interest to the public. An Audit Committee member may wish to express a concern or observation about a topic not appearing on the agenda, or request items to be scheduled on a future agenda.

21. **Adjournment**

EAST SIDE UNION HIGH SCHOOL DISTRICT

Minutes of Meeting

Item #6

Unapproved

Board Audit Committee

August 28, 2012

6:00 PM

East Side Union High School District

Education Center

Superintendent's Conference Room

830 Capitol Avenue San Jose, CA 95133-1398

1. Call to Order /Roll Call

The meeting was called to order by Chair Nguyen at 6:04 p.m. Present were Vice Chair Martinez-Roach, Member Juchau, Member Reinke and Alternate Member Taylor. Member Berg arrived at 6:20 PM.

Staff members in attendance were:

- *Chris Funk*
- *Marcus Battle*
- *Mary Guillen*

Presenter:

- *Ahmad Gharaibeh, External Auditor*

2. Introductions

Persons present at the meeting introduced themselves.

3. Adopt Agenda

Motion by Member Reinke, second by Vice Chair Martinez-Roach, to adopt the agenda as amended, specifically to carry item 8 to the next meeting and to keep the "Internal Auditor" section on the agenda as a recurring item.

Vote: 5/0, Member Berg absent; Alternate Member Taylor voting member on this item

Special Order of Business

Individuals may be permitted to present an item out of order on the agenda to accommodate their schedules.

None

5. Public Comments

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None

6. Approval of Minutes

Action: Minutes from the April 3, 2012, meeting will be presented for approval.

Motion by Chair Nguyen, second by Member Juchau, to approve the minutes as presented.

Vote: 5/0

Items in the April 3, 2012, minutes that will be brought back for further discussion/clarification:

#7: Internal Auditor Work Plan re: Board Policy 3600
Was this policy amended to allow for exceptions?

#10: Cash Handling (debit balance of \$45,000 and not claiming \$15,800 AP testing fund)
“Staff will come up with a solution.”
What is the solution?

#11: Fraud, Waste and Abuse Hotline
Have the seven complaints been handled? Is someone checking the hotline?

#12: Disposal of items – surplus equipment
“Item, specifically a report to be presented by Internal Auditor Marsh, to remain on agenda for further discussion/action at the next meeting.”
What is the method being used?

#13: Storage of Special Education Records
“This may serve as a good reason for scanning records, storing them digitally, and having a process to retrieve records.
This item will be kept on the agenda for further discussion at the next meeting.”
An update on this item is requested.

#15: School Site Cash Handling

Requesting that the BP and AR language be shared with the Committee.

Internal Auditor Work Plan

7. Discussion/Action: Updates by Chair Nguyen and Vice Chair Martinez-Roach

The Board is currently in discussion regarding the scope of duties and responsibilities of a new position. The spirit of the position will remain. The Board is committed to keeping a position. The goal is to approve the job description by the September Board meeting and then immediately post the position.

8. Discussion/Action: Response from Administration to Internal Auditor's Report – Superintendent Funk and Associate Superintendent Battle

Item carried

External Auditor

9. Discussion/Action: Update by External Auditor regarding East Side Union High School District

Ahmad Gharaibeh, External Auditor, will provide an audit update to the Committee.

External Auditor Gharaibeh shared with the Committee that the audit has been split into three phases: testing phase, interim phase and final phase of audit. The site testing and interim phase of the audit have been completed. This is the first year that East Side will not have an audit finding.

There are a few items that have been asked for of the school, such as minutes. They will go back in October to review the requested items to make sure that everything is in compliance. As of today's date, there are no findings to report in relation to student body, federal compliance or internal controls.

There is a new accounting standard that came out, which requires recognition of pension liability. There is also a second accounting standard coming in regarding post retirement health benefits, which is currently in East Side.

The pension liability that East Side has is pulled from 1200 districts into 1 account in Sacramento with PERS and STRS. As of June 30, 2015, PERS and STRS will come back

to the districts and let them know what there is their liability share is going to be and it will have to be recognized on financial liability statements.

Vice Chair Martinez-Roach requested that the new bills be presented at the next meeting.

Audit Committee Business

10. Discussion/Action Future Meetings

Under this item the Audit Committee may schedule future meeting dates and times.

The next Audit Committee Meeting will be held on:

September 25, 2012

6 PM

East Side Union High School District

Superintendent's Conference Room

Items for further discussion:

- *Status/updates from the April 3, 2012, minutes*
 - *#7: Internal Auditor Work Plan re: Board Policy 3600
Was this policy amended to allow for exceptions?*
 - *#10: Cash Handling (debit balance of \$45,000 and not claiming \$15,800
AP testing fund)
What is the solution?*
 - *#11: Fraud, Waste and Abuse Hotline
Have the 7 complaints been handled? Is someone checking the hotline?*
 - *#12: Disposal of items – surplus equipment
What is the method being used?*
 - *#13: Storage of Special Education Records
“This may serve as a good reason for scanning records, storing them
An update on this item is requested.*
 - *#15: School Site Cash Handling
Requesting that the BP and AR language be shared with the Committee.*

- *New GASB Bills*
- *Cash Handling Training – ASB students & staff (date and who will attend training)*
- *Booster Clubs / School Connected Organizations*
- *Internal Auditor Position*
- *Internal Auditor Report*
- *Bingo at School Sites*

19. Superintendent Communications/Comments

- Superintendent Chris D. Funk
Superintendent Funk is very much about transparency. His commitment to the Audit Committee is to be transparent and work as efficiently as possible to provide information to the Committee.
- Associate Superintendent of Business Services Marcus Battle
Associate Superintendent also stated that his commitment the Committee is to also be transparent and efficient.

20. Audit Committee Member Comments

Individual Audit Committee members may report on programs, conferences, meetings attended and/or items of interest to the public. An Audit Committee member may wish to express a concern or observation about a topic not appearing on the agenda, or request items to be scheduled on a future agenda.

None

21. Adjournment

Chair Nguyen adjourned the meeting at 7:26 p.m.

Respectfully submitted,

Lan Nguyen, Board Audit Committee Chair