

**AGENDA**  
**Board Audit Committee**  
6:00 PM  
February 12, 2013  
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 of the September 25, 2012, meeting will be presented for approval.

**Internal Auditor / Chair / Vice Chair**

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

**8. Discussion/Action: Senior Manager of Internal Controls Status/Update** – Chair Nguyen and Vice Chair Carrasco

**9. Discussion/Action: Audit Committee Charter** – Chair Nguyen and Vice Chair Carrasco

**10. Discussion/Action: Update on Fraud/Waste/Abuse Hotline** - Chair Nguyen and Vice Chair Carrasco

## **External Auditor**

### **11. 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**

### **12. Discussion/Action: Update on the Teacher Laptop Initiative – Superintendent Funk and Associate Superintendent Battle**

### **13. Discussion/Action: Update on Copiers - Associate Superintendent Battle**

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

## **Audit Committee Business**

### **15. Discussion/Action Future Meetings**

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

### **16. Superintendent Communications/Comments**

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

### **17. 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.

### **18. Adjournment**

# EAST SIDE UNION HIGH SCHOOL DISTRICT

## Minutes of Meeting

### Unapproved

**Item #6**

#### Board Audit Committee

September 25, 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 6:07 p.m. Present were Vice Chair Martinez-Roach, Member Berg, Member Juchau, Member Reinke and Alternate Member Taylor.*

*Staff members in attendance were:*

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

*Presenter:*

- *Ahmad Gharaibeh, External Auditor*

#### 2. Introductions

*Persons present at the meeting introduced themselves.*

#### 3. Adopt Agenda

*Motion by Member Reinke, second by Member Berg, to adopt the agendas presented.*

*Vote: 5/0*

#### 4. 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**

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 a unagendized item, no response is required from the Audit Committee or district staff and no action can be taken; however, the Board may instruct the Chair to agendize the item for a future meeting.

*None*

**6. Approval of Minutes**

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

*Motion by Member Berg, second by Member Juchau, to approve the minutes as presented.*

*Vote: 5/0*

**Internal Auditor / Chair / Vice Chair**

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

*Chair Nguyen provided the following update:*

*Two weeks ago the Superintendent provided the Committee a draft of the Senior Manager of Internal Controls job description. At last Thursday's Board Meeting, the job description was approved by the Board of Trustees.*

*The District's new IT Director presented a plan to provide a new laptop to all East Side District teachers, which will be a choice between an Apple or PC.*

*Vacant positions recently filled are: Information Technology Director, Facilities Director and Special Services Director.*

*Vice Chair Roach indicated that the Board authorized Chair Nguyen and Vice Chair Martinez-Roach go through the interview process to screen the candidates for the Senior Manager of Internal Controls. The first level of screening will be conducted by the Audit Committee Chair, Audit Committee Vice Chair, Superintendent, Associate Superintendent of Business Services and Director of Human Resources.*

*The position is open for two weeks. If there are no candidates or the pool is not large, the deadline will be modified.*

*Vice Chair Martinez-Roach asked that an update on the teacher laptop initiative be provided at the next meeting.*

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

*A copy of the redacted report was provided to the Committee in advance of the meeting with their agenda materials for their review. Members of the Committee asked clarifying questions relative to the report and responses were provided by Administration.*

*It was noted that many of the recommendations in the report have been implemented and many were in the FCMAT Report, which were listed in the Internal Auditors Report. It was requested that a status report as to whether the items in the report have been addressed/implemented or are still under review be provided to the Committee at a future meeting. It was suggested that the Report be provided after the Senior Manager of Internal Controls was hired to allow Administration and the Manager the opportunity to jointly review the Report.*

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

*The Committee was provided a copy of the Senior Manager of Internal Controls job description. The position was posted/advertised on September 20 for a two week period. If not enough candidates, the position will be posted until filled. A minimum of five (5) candidates will be brought to the Board for an interview. Paper screening will be with the Audit Committee Chair, Audit Committee Vice Chair, Associate Superintendent of Business Services, Director of Human Resources and the Superintendent. The vacancy was posted in EDJOIN. It was suggested that it also be posted in CASBO, LinkedIn and Indeed.*

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

*External Auditor Ahmad Gharaibeh provided the committee a copy of an accounting announcement, GASB 68, that recognizes potential liabilities on financial statements, which is set by the Government Accounting Standards Board (GASB). There is another document that will be coming out in the future regarding post employment retirement benefits, which relates to pensions. GASB 68 is a reporting requirement as opposed to a*

*funding requirement. It will be put on financial statements, bond holders. This is a liability that is currently in Sacramento with CalPERS and CalSTRS. The new GASB states that CalSTRS has to report to employers the amount of their share. The impact is unknown at this time and is effective June 30, 2015. No action is required by the Board of Trustees on this item.*

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

*Superintendent Funk indicated that there is no Board Policy related to bingo at school sites. A summary of the Superintendent's findings indicate that the State of California, the Constitution and Penal Code, allows for school-connected organizations to be sanctioned and licensed for bingo operations. The Booster Club at Oak Grove recently hosted a Bingo Night on the Oak Grove High School campus. Since the State of California gives local agencies the right to establish the license for bingo operations, the Oak Grove Booster Club has been doing this for the past 15 years.*

*A very precise process must be followed in order to obtain a license from the County. The license is obtained through the application process, three audits must be submitted throughout the year to the County, and the Sheriff's Office will perform checks, undercover, throughout the year. Since this is monitored/sanctioned by the County, there is no other action required by the Audit Committee and/or the Board of Trustees.*

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

*As of July 1, 2012, there have been no reports on the hotline. It must be noted that personnel matters that are reported are confidential in nature and cannot be shared with the Committee.*

**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.

*External Auditor Gharaibeh has nothing new to report. He shared his latest update at the last Audit Committee Meeting in August 2012.*

**Superintendent**

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

*Associate Superintendent Battle presented Administrative Bulletin No. 3, School Connected Organizations, to the Committee. The Bulletin is the procedural aspects that would support Board Policy and Administrative Regulation #1230, School Connected Organizations. The Bulletin was developed for tighter controls.*

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

• **Training for School Site Staff and ASB Students**

*Over the past year, three trainings with the School Finance Clerks have occurred. Administrators and Activities Directors were also invited to attend.*

*There was a joint ASB FCMAT workshop held in April that is held annually with San Jose Unified. Site Administration and Activities Directors were invited to also attend.*

*In mid October, there will be a workshop for School Finance Clerks. Topics will include school connected organizations and cash handling.*

*In January, there will be a training for School Finance Clerks.*

*A training in April will be offered to School Finance Clerks, Activities Directors and site Administrators.*

*A cash handling workshop will be held with Activities Director, Club Advisors, Adult Education Secretaries, School Finance Clerks, Accounts Receivable Clerks and Child Nutrition Managers. Once the Activities Directors and Club Advisors are trained in cash handling, training will be coordinated by site administration for ASB Officers.*

*Superintendent Funk indicated that cash handling trainings will be mandatory.*

• **Reporting**

*At the last meeting there was discussion regarding two debit balances, one for \$16,000 and the other for \$45,000 at Yerba Buena High School.*

*The \$16,000 item is relative to student AP testing. Students on free and reduced meals are allowed to take the test at a discounted price for \$5. The full price is \$80 for students not on free and reduced meals. The site is allowed to request a reimbursement to subsidize the discount to these students. In 2008-2009, the reimbursement was not submitted, which caused a debit balance. As a result, Associate Superintendent authorized Title I monies to reimburse the expense; that amount is now cleared.*

*The \$45,000 balance is an ongoing deficit balance since 2006-2007 and has accumulated. At this time, it cannot be determined as to which club the funds have been swept into to a central account. Mr. Marsh did bring this to the District's attention in his report.*

- **Policy/Administrative Regulation / Administration Bulletin (status)**

*A draft Administrative Bulletin on cash handling was shared with the Committee. The Bulletin will also be presented at the upcoming Superintendent's Cabinet meeting for input. Once the Bulletin is approved, it will be used as a tool for cash handling training.*

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

*Associate Superintendent Battle provided an update in fixed assets inventory. He indicated that an inventory has not occurred in over ten (10) years. The project will bring the District in compliance with California Education Code and the recommendation by the Santa Clara County Grand Jury, which was rendered to districts in Santa Clara County four (4) years ago.*

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

*At our last meeting, I indicated that we needed to give our new Director of Special Services, Toby Hopstone, 90 days to assess the storage of special education records.*



**Audit Committee Business**

**18. 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:  
December 4, 2012  
6 PM*

*East Side Union High School District  
Superintendent's Conference Room*

*Items for future discussion:*

- *Status/update on Laptop Initiative (bring back in the Spring)*
- *Copiers (audit)*
- *ASB Debit Balances*
- *Preliminary Report by Senior Manger of Internal Controls*

**19. Superintendent Communications/Comments**

- Superintendent Chris D. Funk

*Nothing to report*

- Associate Superintendent of Business Services Marcus Battle

*Nothing to report*

**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 8:30 p.m.*

*Respectfully submitted,*

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*Lan Nguyen, Board Audit Committee Chair*

**East Side Union High School District  
San Jose, California  
Audit Committee Charter  
Adopted 11/19/2009  
Revised 11/17/2011**

## **I. Audit Committee Authority**

The East Side Union High School District (ESUHSD) has established an Audit Committee to assist the Board of Trustees (Board) in the oversight of both the internal and external audit functions. The ability to create an Audit Committee was established by ESUHSD BP 3460.

## **II. Mission**

The primary responsibility for financial and other reporting, internal control, and compliance with laws, regulations, and ethics within the ESUHSD rests with the Superintendent and his / her management team. The Board has oversight responsibilities in these areas and the Audit Committee is to assist the Board in fulfilling these responsibilities.

The Board Members who are members of the Audit Committee shall, on behalf of the Audit Committee, have unrestricted access to all information, including documents and personnel, and have adequate resources in order to fulfill its oversight responsibilities. All confidential information shall be maintained as confidential in accordance with Board policy and law, and shall not be provided or distributed to public members of the Committee.

In adopting this Charter the Board directs that District Administration shall work cooperatively with the Committee to promptly and fully respond to all requests for information and documentation.

The Board has established an Audit Committee to serve in an advisory capacity to the Board and shall:

- 1) Assist the Board in providing oversight of the external/internal audit functions by:
  - a. Making recommendations regarding the selection of the external independent auditor,
  - b. Reviewing the plan for the audit process with the independent auditor to determine the adequacy of the nature, scope, and timetable of the audit,
  - c. Reviewing the results of the audit and participate with the independent auditor and the Board in preparing final recommendations and responses,
  - d. Participating with the independent auditor in presenting the audit report to the Board,
  - e. Reviewing Board policies and administrative regulations to recommend any revisions needed to ensure effective financial reporting,
  - f. Periodically reporting to the Board regarding the status of previous audit recommendations for improving the accounting and internal control functions, and
  - g. Providing input on the effectiveness of the external independent auditor.

- 2) Assist the Board in providing oversight of the external/internal audit functions
- 3) Assist the Board in complying with its fiduciary oversight obligations;
- 4) Provide a communication link between the external and/or internal auditor and the Board
- 5) Provide greater transparency over public funds while improving public trust

### **III. Membership**

The Audit Committee consists of five voting members appointed by the Board as follows:

- 1) Two Board members, who shall serve as Chair and Vice Chair of the Committee as determined by the Board. The Board President may not concurrently serve on the Audit Committee.
- 2) Three public members.

The Board may appoint an alternate public member. The alternate's responsibility is to temporarily substitute, with full voting powers, for any Audit Committee member who is absent from a meeting.

All voting members of the committee must reside within the boundaries of the East Side Union High School District.

The Board may appoint non-voting members with specific expertise to the committee. There is no residency requirement for non-voting members.

Appointment of Board members to the Audit Committee will be made at the Board's annual organizational meeting in December or as vacancies occur.

Board member terms shall be for one year beginning on the date of appointment at the Board's annual organizational meeting in December and ending the following year at the Board's next annual organizational meeting.

Public members will be appointed at the first regular Board meeting in January. Notification of the appointment process shall be posted at least 30 days prior to the appointment date. Public member terms will be for two years. The alternate public member term will be for one year. In order to coincide with the annual presentation of the external audit report to the Board, public member terms shall begin on February 1 and end two years later on January 31.

Public member's terms will be staggered so that all terms do not start and end at the same time. Immediately after the initial appointment of the three public members, the Board shall determine by lot which two of the public members shall serve an initial term of two years with the third public member serving an initial term of one year. The maximum number of consecutive terms a member may serve is four. A termed out member is eligible for appointment again after not serving for at least one year.

The members of the Audit Committee must collectively possess knowledge and experience in accounting, auditing, financial reporting, and school district finances needed to understand and evaluate the district's financial statements, the external audit of those statements, and the district's internal audit activities. Accordingly, the Audit Committee members should:

- 1) Be independent of the day-to-day management of the ESUHSD,
- 2) Possess the required skills and experience necessary to understand technical and complex financial reporting issues,
- 3) Have the ability to communicate with and offer advice and assistance to the Board, the external auditors, and the internal auditor,
- 4) Be knowledgeable about internal controls, financial statement audits, and managerial/operational audits
- 5) Be available to take training in educational finance

The following individuals cannot serve on the Audit Committee:

- a) Any person who, within the two years prior to appointment, has been an employee of the ESUHSD or sold goods or services to the ESUHSD,
- b) Anyone who, within the past two years, owns or has a direct and material interest in an entity, or who holds a leadership position in any entity, which provides substantial goods or services to the ESUHSD pursuant to purchase order or contract (either individually or under a fictitious business name),
- c) A close or immediate family member of anyone who would be prohibited from serving on the Audit Committee under a) through b) above. The term “close or immediate family member” includes parent, sibling, nondependent child, spouse or domestic partner, or dependent (whether or not related),

Exceptions are as follows:

- d) An individual who would otherwise be excluded may serve if, after full disclosure to the Board, the potential conflict of interest is not material,
- e) Any member who develops a conflict of interest while on the Audit Committee must disclose such conflict. The other Audit Committee members at the next meeting shall, by majority vote, make a recommendation to the Board. The Board shall decide whether or not to remove and replace the affected member. Should a vacancy occur, the Board will notify the public of the opening, accept applications and appoint an individual to serve the balance of the vacated term.

If a vacancy among the voting public members occurs, the Board may appoint the alternate public member to fill the term of the vacated member.

The Audit Committee Chair and Vice Chair shall recommend to the Board as to when (as quickly as possible or in conjunction with the annual appointment of public member(s)) a new alternate public member shall be appointed.

## **IV. Duties and Responsibilities**

### Internal Control

The Audit Committee monitors the fiscal health of the ESUHSD and the relationship between its spending and its adopted budget. To carry out this duty, the Audit Committee:

- 1) Reviews the effectiveness of the ESUHSD's accounting organizational structure, and operations
- 2) Reviews the ESUHSD's internal controls, the adequacy of such controls, and recommends changes to management and the Board,
- 3) Reviews with the Superintendent and other management personnel the adequacy of systems and procedures for protecting information,
- 4) Inquires of the Superintendent and other management personnel about significant financial risks or exposures facing the ESUHSD, assesses the steps the ESUHSD has taken, or proposes to take, to minimize such risks to the ESUHSD, and periodically review compliance with such steps,
- 5) Review with the Superintendent and other management personnel;
  - a. Significant findings with respect to any management financial review including that of the Audit Committee, during the year and responses thereto,
  - b. Any difficulties review teams or personnel encountered in the course of their review, including any restrictions on the scope of their work or access to required information,
  - c. Any changes required in the scope of the review.
- 6) Reviews with the independent auditors, the Superintendent, and financial management personnel:
  - a. The adequacy of the ESUHSD's internal controls including computerized information system controls and security,
  - b. Any related significant findings and recommendations of the independent auditors together with management's responses thereto, and
  - c. The clarity and transparency of financial information and disclosures.

The Audit Committee reviews the ESUHSD's procedures for monitoring compliance with the Code of Conduct.

The Audit Committee recommends procedures for the confidential, anonymous submission of concerns about questionable accounting or auditing matters or suspected fraud. At the request of the Board, it reviews any submissions that are received, the current status of the review, and the resolutions, if any.

Assist the Board in providing oversight of the external audit functions

### General

The Audit Committee

- Shall perform its duties in good faith, in a manner to be in the best interests of the Audit Committee and the ESUHSD which a reasonably prudent person in a similar position would use under similar circumstances,

- Shall have an obligation to the ESUHSD to maintain strict confidentiality regarding confidential information it may have access to,
- Shall meet at least three times per calendar year, and at additional times when necessary, to fulfill its responsibilities,
- Shall receive training and comply with the Brown Act
- May ask members of management or others to attend its meetings and provide pertinent information as necessary,
- In consultation with the Board may have access to all information it deems necessary to carry out its duties, consistent with California law,
- May request information from the ESUHSD that is deemed necessary to carry out its duties and responsibilities. Only the Audit Committee Chair will make these requests for information. Any member wishing to request information will do so by submitting the approved Committee request form to the Audit Committee Chair for approval. If the Audit Committee Chair approves the request, the Chair will send the request to the Board for processing. If the Chair does not approve the request, a majority of the Audit Committee may override the request denial. In the event of an override, the Chair is required to submit the request to the Board.

A quorum constitutes a simple majority of the total voting membership and meetings will not be conducted unless a quorum is present.

Every attempt will be made to make decisions by consensus of the voting members present. Consensus is defined as an acceptable solution that all can agree to support. If consensus cannot be reached, polling of the voting membership will take place. Any decision of the Audit Committee requires an affirmative vote by the majority of the committee's voting membership. Voting members who are physically absent from a meeting can participate through audio or video means. Proxies CANNOT be granted.

The Audit Committee may recommend to the Board the engagement of professional consultants. The authority to engage professional consultants rests exclusively with the Board.

The Audit Committee shall report to the Board, at least annually, its activities, findings, and decisions. Reported findings should include any suspected fraud or abuse or material defects in internal management controls, and any significant failure to comply with laws, or district policies or regulations.

The Chair prepares the agenda with consultation with the Vice Chair. Any member wishing to place an item on the agenda will do so by communicating in writing to the Chair.

The Audit Committee shall prepare minutes of each meeting that, at a minimum will include:

- Copies of the meeting agenda,
- Date, attendance, and location of the meeting
- A brief summary of the topics discussed, and
- Any recommendations forwarded to the Board

The Audit Committee may recommend to the Board the dismissal of any member who has had two unexcused absences during the member's term or three absences, for any reason, in any twelve month time period. Dismissal requires a majority vote of the Board.

### External Auditors

The Audit Committee oversees the ESUHSD's engagement of any independent accountants for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services. The Board, acting on the recommendation of the Audit Committee, makes all final decisions concerning the appointment, compensation, and retention of such accountants. All accountants thus engaged report directly to the Audit Committee that will oversee the accountant's work and evaluates their performance.

The Audit Committee's oversight responsibility includes:

- 1) Monitoring the periodic selection of and contracting with, the outside independent auditor in accordance with State law, and reviewing the independence of the audit,
- 2) Meeting with the independent auditors prior to commencement of the annual audit to review the engagement letter (scope of the work to be performed)
- 3) Receiving and reviewing the draft annual audit report and draft management letter comments,
- 4) Reviewing all non-privileged significant written communications between the independent auditors and management, such as any schedule of unadjusted differences,
- 5) Making a recommendation to the Board concerning acceptance of the annual audit report,
- 6) Reviewing with management and independent auditors:
  - a. The ESUHSD's annual financial statements, related footnotes, and management's discussion and analysis,
  - b. The independent auditor's audit of the financial statements and their report thereon, including any management letter comments or schedule of unadjusted differences,
  - c. The independent auditor's judgments about the quality, not just the acceptability, of the ESUHSD's accounting policies as applied in its financial reporting,
  - d. The auditor's assessment of the ESUHSD's system of internal controls,
  - e. Any significant changes required in the independent auditor's audit plan,
  - f. Restrictions on the auditor's activities or access to information, and any significant difficulties or disputes with the Superintendent or management encountered during the audit,
  - g. Matters required to be discussed by applicable government and professional literature and standards,
  - h. All critical accounting policies and practices used by the ESUHSD, any significant changes in these policies and practices, and the degree of aggressiveness or conservatism in applying these policies and practices,
  - i. Recent and proposed professional and regulatory pronouncements, especially those having a material impact on the ESUHSD's financial statements,
  - j. All alternative treatments of financial information within Generally Accepted Accounting Principles (GAAP) that have been discussed with the Board, the ramifications of each alternative, and the treatment preferred by the ESUHSD, and
  - k. Any corrective action plans developed by the ESUHSD.



The Audit Committee considers, with the Board, the rationale for employing audit firms other than the principal independent auditors for services that the ESUHSD or the independent auditors determine would not be appropriate for the principal independent auditors to perform.

### Internal Audit

The Audit Committee:

- a) If requested, may make recommendations to the Board regarding the selection of an internal auditor ,
- b) Assists in the oversight of any internal audit function,
- c) Reviews the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested,
- d) Reviews the results of internal audit activities and significant recommendations and finding of the internal auditor,
- e) Monitors implementation of the internal auditor's recommendations by the Superintendent and/or Board,

The Audit Committee and the internal auditor(s) shall maintain a degree of professional independence when assessing management's performance of its responsibilities. However, this does not mean that an adversarial role is necessary or desirable as both parties share common goals.

In working to ensure the independence of the internal auditing function and that appropriate actions are taken on audit findings, the Audit Committee shall promote and enhance the mutual cooperation among the Committee, internal auditor(s), and executive management.

### **V. Self-Assessment**

The Audit Committee shall review its charter annually, reassesses the adequacy of the charter and recommends any proposed changes to the Board. The Audit Committee considers changes that are necessary as a result of new laws, regulations, or accounting or auditing standards.

The Audit Committee conducts an annual self-assessment and describes to the Board, in a written report, how it discharged its duties.

Adoption and amendments to this charter shall be recommended by an affirmative vote of a majority of the committee and by passage of the Board.

The Audit Committee Chair, at the request of the Board, shall take responsibility for the immediate review and approval of the Internal Auditors hours, vacation requests and expense reimbursements.

DJ/ FEB 10.20.11