

**EAST SIDE UNION HIGH SCHOOL DISTRICT**

**Minutes of Meeting**

**Approved**

**Board Audit Committee**

September 11, 2018

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**

*Chair Frank Biehl called the meeting to order at 6:00 PM.*

*Committee members present for roll call:*

- *Chair Frank Biehl*
- *Vice Chair Lan Nguyen*
- *Member Dan Juchau*
- *Member Jon Reinke*
- *Member Bruce Berg*
- *Alternate Rajesh Godbole*

*Staff present:*

- *Chris Funk*
- *Chris Jew*
- *Kelly Kwong*
- *Silvia Pelayo*
- *Janice Unger*
- *Randy Phelps*
- *Julie Kasberger*
- *Cathy Nguyen*
- *Mary Guillen*

**2. Introductions**

**A welcome is extended to members of the Audit Committee**

*Chair Biehl extended a welcome to members of the Audit Committee and audience. Each Committee Member and members of the audience introduced themselves.*

**3. Adopt Agenda**

*There were no changes to the agenda.*

**4. Special Order of Business**

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

*There was no special order of business.*

**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.

*There were no public speakers.*

**6. Approval of Minutes**

Minutes from the March 27, 2018, meeting will be presented for approval.

*Motion by Vice Chair Lan Nguyen, second by Member Bruce Berg, to approve the Board Audit Committee Minutes March 27, 2018, as presented.*

*Vote: 5/0; motion carries*

**Chair / Vice Chair**

**7. Discussion/Action: Updates**

Frank Biehl, Chair, and Lan Nguyen, Vice Chair, will provide updates, if any.

*There were no updates to report.*

**Superintendent / Associate Superintendent of Business Services**

**8. Discussion/Action: New ERP Financial and Human Resources Management Solution**

Chris Jew, Associate Superintendent of Business Services, Janice Unger, Director of Bond Purchasing and Contracts, Randy Phelps, Chief Technology Officer, will provide an update on the new Enterprise Resource Planning (ERP) Financial and Human Resources Management Solution.

*Janice Unger and Randy Phelps provided and updated on the New Enterprise Resource Planning (ERP) financial and human resources management solution system. It is a fully integrated accounting system that work with payroll and HR, RFP 21-17-18. The current*

*system does not have HR features, just the bare bones. It does not provide the ability for future budget planning.*

*On September 19, 2017, the Board adopted a resolution for competitive negotiation of the financial management system procurement. The RFP was released on April 2, 2018, to ten known firms. It was also advertised for two consecutive weeks in local publications. RFPs were due April 1 2018. Four proposals were received: 1) Digital Schools of California, L.P.; 2) Escape Technology; 3) Harris Schools Solution (QCC); and, 4) Tyler Technologies, Inc. An evaluation team consisting of 16 staff members was formed after deadline to review the proposals through Planet Bids evaluation tool. Scoring duration occurred May 3 thru week ending in May 11, 2018. On May 16, 2018, the Evaluation Team met and after reviewing the proposal scores, elected to only interview Tyler Technologies, Inc. who had scored the highest. On May 22, 2018, Tyler Technologies, Inc. presented their product solution with an all-day eight (8) hour presentation to the Evaluation Team as well as other end users. Sixty-six (66) staff members were invited to participate. Following the presentation, the Evaluation Team scored the interview by way of consensus scoring. Tyler Technologies earned seventeen (17) out of possible twenty (20) points assigned.*

*Administration recommended approval by the Board of Trustees as follows:*

*It is recommended that the Board of Trustees approve the SaaS agreement, Statement of Work and SaaS final proposal with Tyler Technologies, Inc. for the ERP (Enterprises Resource Planning) Financial/HR Management Solution and Implementation Services for the total amount not to exceed \$2,319,330.00 for (5) year term effective start date September 1, 2018, through August 31, 2023, with a target go-live date of all phases system wide January 2020.*

*Fiscal impact:*

- \$ 1,255,450.00 – General Fund 03 (Includes \$105,450.00 Estimated Travel Expenses)
- \$1,063,880.00 – Measure Tech I Bond
- \$ 2,319,330.00 –Total (5) Years (Annual Recurring fees \$338,926.00 included)

**9. Discussion/Action: Child Nutrition Services Point of Service System Update**

Chris Jew, Associate Superintendent of Business Services, and Julie Kasberger, Director of General Services, will present a progress update on the recommendations from the Child Nutrition Services Audit Report FY16-02 dated August 21, 2015, originally presented to the Audit Committee on August 25, 2015, with an update on December 7, 2015 and September 12, 2017. A presentation will be given about 2 the Point of Sale System for ala carte items implementation as originally presented on September 12, 2017.

*A Point of Service/Sale is a computerized accountability system, a “Cash Register”. It is a system that captures meals served by category. ◦ The system captures cash collected from each student for each item and reconciles the food prepared with food served. It also reconciles to snack items offered to items sold.*

*The new system is Mosaic by Heartland Solutions It utilizes current terminals and pin pads. Mosaic provided six days of on-site training. ESUHSD staff have control of program; immediate solution to problems. Point of services locations will be used at all reimbursable lies, all ala carte lines, all salad bar lines and all charter schools, except the San Jose Conservations Corps Charter School (Senter and Berger sites).*

*Some of the benefits to the new system are:*

- *Better accountability*
- *Better reports*
- *All programs are in one system*
- *Ability for cashless system*

**10. Discussion/Action: Associated Student Body (ASB)**

Chris Jew, Associate Superintendent of Business Services, Silvia Pelayo, Director of Finance, and Cathy Nguyen, Accounting Manager, will provide an update from the Vavrink, Trine, Day & Co., LLP (VTD) external auditor’s results of the school sites testing as presented to the Audit Committee on March 27, 2018.

*Cathy Nguyen provided an ASB update. Continued support is being offered to all sites. Staff have been invited to a FCMAT training in San Mateo to be held in October, 2018. ASB meetings meeting are held periodically.*

*Silvia Pelayo mentioned that VTD was concerned about the lack of training, some sites not having the needed support and that there was not enough oversight and support by Business Services. In response to the audit, Business Services is working to have more interaction with the sites with continuous meetings and implementation of procedures.*

**Senior Manager of Internal Controls**

**11. Discussion/Action: Fraud, Waste and Abuse Hotline**

Kelly Kwong, Senior Manager of Internal Controls, will report on the status of the Fraud, Waste and Abuse Hotline.

*There have been no reports of fraud, waste and abuse.*

**12. Discussion/Action: Cash Handling and Associated Student Body (ASB)**

Kelly Kwong, Senior Manager of Internal Controls, will provide an update on ASB matters.

*Item was discussed under item 10. Kelly Kwong will continue to monitor ASB cash handling and ASB training.*

**13. Discussion/Action: Draft Internal Audit Report**

Kelly Kwong, Senior Manager of Internal Controls, will present the draft internal audit reports

- A. Principal Revolving Fund (FY19-1)
- B. District Clearing Account Fees – Lost Textbook Fines (FY19-2)
- C. District Clearing Account Fees – Advanced Placement Testing Fees (FY19-3)
- D. District Clearing Account Fees – Child Care Program Fees (FY19-4)

*Kelly Kwong shared the four draft audit reports (listed above). The reports will be presented to the Board at their October meeting. No changes were made to the draft audit reports.*

**14. Discussion/Action: Proposed Annual Audit Work Plan**

Kelly Kwong, Senior Manager of Internal Controls, will present the Proposed Annual Audit Work Plan for 2018-19. Audit Committee Business

*The first reading of the draft Audit Work Plan was presented to the Board of Trustees in August 2018. It is presented to the Audit Committee for input and will be presented to the Board for second reading and adoption in September 2018.*

*Chair Biehl asked the Senior Manager of Internal Controls to take a detailed look at the International Student Program, such as costs assigned to the program. Customers of the programs are located around schools that are impacted. The Board needs the information in order to make good policy decisions.*

**Audit Committee Business**

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

- December 11, 2018

*The next meeting will be December 11, 2018, at 6 PM in the Superintendent's Conference Room.*

**16. Superintendent/Associate Superintendent/Director Communications/Comments**

- Chris Jew, Associate Superintendent of Business Services

*There were no comments made under this item.*

**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.

*There were no comments made under this item.*

**18. Future Agenda Items**

*Recurring calendar item:*

<i>Item</i>	<i>Date</i>	<i>Submitted By</i>
<i>Appoint Subcommittee to review Charter (Dan Juchau will review and make recommendations)</i>	<i>Fall (annually)</i>	<i>Chair</i>

**19. Adjournment**

*Chair Biehl adjourned the meeting at 8:02 PM.*

*Respectfully submitted,*



*Lan Nguyen*  
*Board Audit Committee Vice Chair*