

# EAST SIDE UNION HIGH SCHOOL DISTRICT

## Minutes of Meeting

**Approved**

**Board Audit Committee**

April 4, 2017

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 Pattie Cortese called the meeting to order at 6:00 PM.*

*Committee members present for roll call:*

*Chair Cortese, Vice Chair Le, Member Berg, Member Juchau, Member Reinke and Alternate Member Stephens*

*Staff present:*

- *Chris D. Funk*
- *Marcus Battle*
- *Kelly Kwong*
- *Karen Poon*
- *Andre Bell*
- *Mary Guillen*

*Presenter present:*

- *Joyce Peters, External Auditor – VTD*

### 2. Introductions

*Chair Cortese extended a welcome to current, reappointed and newly appointed members of the Audit Committee.*

- *Board Member Pattie Cortese – Previously served as Chair and is newly appointed as Chair*
- *Board Member Lan Nguyen – Newly appointed Vice Chair*
- *Dan Juchau – Reappointed Member*
- *Bruce Berg – Continuing Member*
- *Jon Reinke – Continuing Member*
- *Frank Stephens – Reappointed Alternate Member*

**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 November 29, 2016, meeting will be presented for approval.

*Motion by Member Reinke, second by Member Berg, to approve the Board Audit Committee Minutes of November 29, 2016, as presented.*

*Vote: 5/0; motion carries*

**External Auditor**

**7. Discussion/Action: Annual Audit 2016-17**

Joyce Peters, Partner at Vavrinek, Trine, Day & Co., LLP, will present the 2016-17 engagement letters and the scope of work to be performed for the annual financial audit and the bond audit reports. Also, the results from the recent school site testing will be provided.

*Joyce Peters, External Auditor, shared with the Committee the 2016-2017 engagement letters. She asked the Committee to review the engagement and provide Associate Superintendent Battle their input on the letter.*

*There was discussion on creating an Administrative Bulletin that would address the*

*control/accountability of tickets disseminated at events. A draft will be presented to the Committee.*

*There was also discussion regarding the Child Nutrition Services point-of-service stations. There was a request to take a look at point of sales.*

*Associate Superintendent Battle shared with the Committee that VTD was selected for a one-year contract with East Side Union High School District, with 4 one-year extensions, a total of five years.*

**8. Disc Discussion/Action: New Governmental Accounting and Auditing Standards**

Joyce Peters, Partner at Vavrinek, Trine, Day & Co., LLP, will present the new governmental accounting and auditing standards GASB Statement No. 72 Fair Measurement.

*Joyce Peters, External Auditor, shared with the Committee the new governmental accounting and auditing standards, GASB 72 – 85. She provided a summary of each and clarified questions asked by the Committee.*

**Chair / Vice Chair**

**9. Discussion/Action: Board Policy 3460 Financial Reports and Accountability; Board Audit Committee and Senior Manager of Internal Controls**

Pattie Cortese, Chair, and Lan Nguyen, Vice Chair, will present the revised Board Policy 3460 Financial Reports and Accountability; Board Audit Committee and Senior Manager of Internal Controls, approved by the Board on February 16, 2017.

*A draft of Board Policy #3460 Financial Reports and Accountability was shared with the Committee. The draft is being presented to the Board of Trustees at their next meeting for a third reading and adoption.*

*There was no action taken by the Committee on this item. It was presented for their information only.*

**10. Discussion/Action: Updates**

Pattie Cortese, Chair, and Lan Nguyen, Vice Chair, will provide updates.

*There were no updates presented under this item.*

**Senior Manager of Internal Controls**

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

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

*Kelly Kwong, Senior Manager of Internal Controls, shared with the Committee that the sites audited are Andrew Hill, Oak Grove and Yerba Buena. The sites have requested training on cash handling and ASB.*

**12. Discussion /Action: School Connected Organizations**

Kelly Kwong, Senior Manager of Internal Controls, will provide an update on School Connected Organization matters.

*Board Policy requires School Connected Organizations, such as boosters, to apply annually. All new, first time organizations are submitted to the Board for approval. The Senior Manager of Internal Controls works on the renewals every year.*

*Recently, one of the boosters was suspended. The matter of Silver Creek Athletics Booster was presented to the Board on March 23, 2017; thus, resulting in a suspension. Business Services administration is kept up on the progress of her work with the school connected organizations. Also monitored, for liability purposes, are the insurance renewals for the school connected organizations. All insurance on the boosters is current.*

**13. 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.

*Five reports have been received since the last Audit Committee meeting. One is an Human Resources-related matter; three are the same topic and is confidentially being investigated; one is a student report regarding social media use.*

*The fraud, waste and abuse hotline is up for renewal. The Audit Committee highly recommends the renewal of the fraud, waste and abuse hotline.*

**Superintendent / Associate Superintendent of Business Services**

**14. Discussion/Action: Facility Work Order Process Audit Report - Final Remediation**

Marcus Battle, Associate Superintendent of Business Services, and Julio Lucas, Interim Director of Capital Planning and Design, will report on the final resolution of the Facility

Work Order Process Audit Report (FY16-05) dated March 25, 2016, which was initially presented to the Audit Committee on April 4, 2016, under Item 10B.

*Interim Director Julio Lucas last reported to the Committee on the facility work order process on April 4, 2016. At the conclusion of his presentation in April, Audit Committee Vice Chair Lan Nguyen requested a presentation to the Board of Trustees on the ticket tracking of items.*

**15. Discussion/Action: Bond Performance Audit Report – Final Remediation**

Marcus Battle, Associate Superintendent of Business Services, and Andre Bell, Director of Purchasing and Capital Accounting, will report on the final resolution of the Bond Performance Audit performed by Moss Adams, LLP. Audit report was initially presented to the Audit Committee on December 7, 2015, under Item 11, and a status update was provided on April 4, 2016, under Item 14.

*Andre Bell, Director of Purchasing and Capital Accounting, last reported to the Committee on April 4, 2016, that there were 13 audit findings by Moss Adams, LLP.*

*The Committee was informed that the District would be making a presentation on the Facilities Master Plan to the Board at their May 4 Study Session. Thereafter, AEDIS Architects would present the proposed Facilities Master Plan to the Board of Trustees for adoption on May 10.*

**Audit Committee Business**

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

Audit Committee will schedule the next meeting date and time.

*The next Board Audit Committee will be held on August 29, 2017, at 6:00 PM in the ESUHSD Superintendent's Conference Room.*

*Additional dates set by the Committee are as follows:*

- *December 5, 2017, at 6 PM*
- *March 27, 2018, at 6 PM*
- *March 27, 2018, at 6 PM*
- *April 3 will remain as an option if March 27 does not work out*

*After some discussion, it was agreed that only the agenda would be printed for the Audit Committee Meetings. All supporting documents will not be printed, but will be viewed in advance of the scheduled Audit Committee meeting.*

**17. Superintendent Communications/Comments**

- Chris D. Funk, Superintendent

➤ *Superintendent Funk informed the Committee that supporting documents will be provided to the Audit Committee in advance of their meeting.*

- Marcus Battle, Associate Superintendent of Business Services

➤ *Associate Superintendent Battle announced the following:*

- *This will be Karen's last meeting with the Audit Committee. She will be retiring in June. Director of Finance interviews will be conducted in the near future. The District would like to invite a member of the Audit Committee to serve on the interview panel. The goal is to hire the recommended candidate by June 1.*
- *There is an RFPQ out regarding a program management company to manage Measure Z. The District is inviting a member of the Audit Committee to serve on the score panel and interview panel (based on scoring). The top two will be presented to Superintendent's Counsel, which will result in a final recommendation by Superintendent's Counsel to the Board of Trustees.*

*Applications are due April 14. April 17 – 24 review proposals and notify finalists on April 25; interviews held on May 3.*

*Member Reinke and Alternate Member Stephens indicated an interested in being part of the score and/or interview panel.*

**18. 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.

**19. 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>

**20. Adjournment**

*Chair Cortese adjourned the meeting at 8:00 PM.*

*Respectfully submitted,*



*Pattie Cortese  
Board Audit Committee Chair*