

# EAST SIDE UNION HIGH SCHOOL DISTRICT

## Minutes of Meeting

**Approved**

**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*