

# EAST SIDE UNION HIGH SCHOOL DISTRICT

## Minutes of Meeting

**Approved**

**Board Audit Committee**

June 6, 2013

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 Nguyen called the meeting to order at 6:07 p.m. Present were Member Berg, Member Juchau and Member Reinke. Vice Chair Carrasco was absent.*

*Staff members in attendance were:*

- *Marcus Battle*
- *Mary Guillen*
- *Karen Poon*
- *Kelly Kwong*

*Presenter:*

- *Joyce Peters, External Auditor - VTD*

### 2. Introductions

*Persons present at the meeting introduced themselves.*

### 3. Adopt Agenda

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

*Vote: 4/0, Vice Chair Carrasco absent*

### 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 April 18, 2013, meeting will be presented for approval.

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

*Vote: 4/0, Vice Chair Carrasco absent*

**Chair / Vice Chair**

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

*Chair Nguyen had no updates to provide the Committee under this item.*

**8. Discussion/Action: Draft Senior Manager of Internal Controls Work Plan**

*Kelly Kwong, Senior Manager of Internal Controls, presented her top five items on her draft work plan:*

- *Associated Student Body (ASB) Funds*
- *Lease/Use of Facilities*
- *Bond Programs*
- *Expenditure Reports*
- *Purchase/Credit Cards*

*The item labeled “other” on the draft plan is the Fraud, Waste and Abuse Hotline.*

**9. Discussion/Action: Cash Handling**

*Karen Poon, Director of Finance announced that this coming August there will be a district-wide training on cash handling practices. To verify attendance at the meeting, attendees will be required to sign-in at the meeting.*

*Carryover of funds is no more than 20%. If more than 20%, a request for consideration must be submitted to Business Services.*

**10. Discussion/Action: ASB Debit Balances**

*Karen Poon, Director of Finance indicated that, at the school sites, either the Principal or Associate Principal have oversight of the school bank. It is unknown if administrators are having monthly meeting with their School Finance Clerk. Member Berg suggested that District Office administration work with site administration to ensure that monthly meetings are held with school bank support staff.*

*Director Poon also indicated that training on ASB funds/handling is mandatory for School Finance Clerks, ASB Presidents, Activities Directors, secretaries who handle cash, staff at the Adult Education Program who handle cash, and site administration who oversee cash handling/ASB funds. There are requests for club advisors, leadership teams, and teachers who handle cash to be included in the training.*

*Carryover of funds is no more than 20%. If more than 20%, a request for consideration must be submitted to Business Services.*

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

*Kelly Kwong, Senior Manager of Internal Controls, shared with the Committee that the last report filed with the Fraud, Waste, and Abuse Hotline was submitted on June 12, 2012.*

*Information on how the community can file a report of fraud, waste, and/or abuse can be found on the district's website.*

### **External Auditor**

- 12. Discussion/Action: Student Records Retention** - Joyce Peters, External Auditor, will provide an audit update to the Committee.

*Joyce Peters, External Auditor from Vavrinek, Trine, Day & Company, LLP, shared with the Committee that this year VTD selected four sites to audit attendance data. It was noted that the sites are randomly rotated each year, including the yearly rotation of continuation/alternative sites. The selected sites were Andrew Hill Santa Teresa, Oak Grove and Apollo High Schools. To-date, no exceptions have been found. Also audited for those sites were compliance requirements, such as valid teaching credentials; no exceptions were found.*

*For ASB, only Andrew Hill, Santa Teresa and Oak Grove were selected. Apollo was not tested since they do not have an associate student body. Cash receiving systems are tested; how money is collected and how money is deposited, including prenumbered receipts, that deposits of receipts are in a number sequence that match the receipt and deposit information, and the length of time taken to make the deposits. Bank reconciliation statements, minutes of meeting, ticket sales, and sales from vending machines are also being checked.*

*Andrew Hill:*

- Cash receipts tested for the month of November found their receipt deposits to be timely; there were no discrepancies.*
- Disbursements: Selected 12 items, which is comprised of 15% of expenditures. Seven of those items had no receiving documents.*
- Bank reconciliation: There is some carryover.*

*Santa Teresa:*

- Items received have no receiving documents on file.*
- Some deposits are taking 20 days.*

*Oak Grove:*

- Items received have no receiving documents on file.*
- Some deposits are taking 20 days.*

**Superintendent**

- 13. Discussion/Action: Student Records Retention** – Superintendent Funk and Associate Superintendent Battle will present information regarding the retention of student records.

- **Legal Opinion**
- **Electronic Storage of Records**
- **Draft Policy and Administrative Regulation**

The following documents were shared with the Committee:

- Legal opinion on electronic storage of District records
- Administrative Regulation and Board Policy on District records

*Member Berg indicated that the records retention policy and administrative regulation did not include a plan regarding retention of expulsion records and records important for litigation purposes. Member Reinke indicated that a disaster recovery plan was not included in the policy and administrative regulation.*

*The policy and administrative regulation will be placed on the next meeting agenda for further discussion by the Committee.*

- 14. Discussion/Action: Equipment Loss/Replacement Board Policy & Administrative Regulation** – Associate Superintendent Battle will present a draft Board Policy and Administrative Regulation regarding equipment loss/replacement.

*Associate Superintendent Battle shared with the Committee draft Board Policies and Administrative Regulations 3270 Sale and Disposal of Books, Equipment and Supplies and 3515.4 Recovery for Property Loss or Damage.*

*Member Reinke raised a concern that he did not see addressed in the policy language regarding loss/damage of equipment that is the fault of the employee. Member Berg mentioned that the Acceptable Use Policy should cover loss/damage by fault of the employee.*

*The policy and administrative regulation will be placed on the next meeting agenda for further discussion by the Committee.*

**Audit Committee Business**

**15. 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 5, 2013, at 6 PM in the Superintendent's Conference Room of the East Side Union High School District.*

*Items for future discussion:*

- *Records Retention Policy and Administrative Regulation*
- *Board Policy & Administrative Regulation regarding Equipment Loss / Replacement*
- *Bond Performance Audit*
- *Senior Manager of Internal Controls (recurring items on agenda)*
  - ✓ *Status on Work Plan and Findings*
  - ✓ *Update on Fraud, Waste and Abuse Hotline*
- *Combine Cash Handling and ASB Debit Balances – Findings (recurring items on agenda)*

**16. Superintendent Communications/Comments**

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

*There is a solicitation out regarding the copiers.*

*The District is in the process of receiving proposals to do Bond management performance audit and expected to provide the Board the results of the audit at the September Board meeting. The recommendation will take place on the 27<sup>th</sup> of June and the audit will take place during the summer.*

**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.

*None*

**18. Adjournment**

*Chair Nguyen adjourned the meeting at 7:40 p.m.*

*Respectfully submitted,*

  
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*Lan Nguyen, Board Audit Committee Chair*