



Board of Education

# San Diego Unified School District

EUGENE BRUCKER EDUCATION CENTER  
4100 Normal Street, Room 2231, San Diego, CA 92103-2682

(619) 725-5550  
Fax: (619) 297-5624

Shelia Jackson  
President

Richard Barrera  
Vice President

John de Beck  
Trustee

John Lee Evans  
Trustee

Katherine Nakamura  
Trustee

AUDIT AND FINANCE COMMITTEE  
Education Center Conference Room 2226  
June 11, 2009  
MINUTES

Members Present: McAllister, Wright, Stein, Barrera, Evans

Staff Present: Masias, Leighton, Macalos, Niehaus, Duran, Bresee, Weir

Public: Emily Alpert (Voice of San Diego), Carol Hunter, David Page (DAC), John Stump (Prop S ICOC)

|   |   |
|---|---|
| 1. Meeting called to order (McAllister) | Chair McAllister called the meeting to order at 8:05 a.m.   |
| 2. PUBLIC COMMENT                       | John Stump with the Proposition S Independent Citizens Oversight Committee (ICOC) expressed interest in the Audit & Finance Committee working in conjunction with the Audit and Performance Subcommittee of the ICOC.   |
| 3. Approval of Minutes                  | Revised minutes from the March 25, 2009 meeting were approved unanimously.  |
| 4. Hotline (Niehaus/Duran)              | <p>Duran advised there have been 350 reports made to the Hotline from September 2006 through May 1, 2009. Of these reports 285 have been completed and 65 are currently under review or investigation.</p> <p>Internal Audit found that some leave of absence claims had been filed as a work related injury without the proper documentation. These resulted in unwarranted absences. Employees need to be educated on the proper procedures. When an employee is investigated for a suspected false claim they are not notified.</p> <p>Another area of concern is accurately claiming and documenting overtime hours. Wright advised the managers should see the overtime accumulation on a report. Managers review and approve monthly payroll reports but overtime is not included. Managers need to evaluate their staff every month to ensure ethical accountability. Additionally, if payroll notices any questionable hours they immediately report to Internal Audit for investigation.</p> <p>John Stump requested any hotline items related to Prop S ICOC should be forwarded to their committee.</p> <p>McAllister applauded staff for an excellent job drawing out issues and reporting to the Committee as well as the follow</p> |

|  |   |
|--|---|
|  | <p>through with prosecution and punishment of the offenders. Duran credits the success of the hotline with the assurance of confidentiality that is promised to the callers.</p> <p>David Page suggested a quarterly report be provided to John Stump and the Props S ICOC on any Prop S related issues.</p> <p><b>ACTION: McAllister requested that staff report back to John Stump on the issue he raised.</b></p> <p><b>ACTION: Leighton will follow-up on what measures are taken to make sure any fraud affected funds are reinstated.</b></p>   |
| <p>5. Update on Control of Overtime Payments (Masias)</p>                    | <p>Masias advised payroll uses the same methodologies as with payroll overpayments: list everyone getting paid overtime and look for questionable hours.</p> <p><b>ACTION: Masias will report on overtime at the next Committee meeting.</b></p> <p>Weir advised overtime is reported long after the date it is worked. Weekly reporting would help.</p> <p>Stein suggested adding a policy stating that overtime reported after a certain date will not be accepted for payment. Masias advised staff is currently working on a report and analysis to deal with this issue. Evans stated that managers should be held accountable for going over budget.</p> <p>John Stump asked if the District budgets for overtime.</p>  |
| <p>6. Recommendations for Accountability of Payroll Overpayment (Masias)</p> | <p>Weir provided a handout that outlines areas that increase our risk of payroll overpayments. As previously discussed by the Committee, 15 percent of overpayments are due to negotiated contract items which totaled \$200,000 last year. Wright recommended that the pay schedule for teachers needs to be negotiated to start on September 1, as opposed to the start of the fiscal year on July 1.</p> <p>McAllister pointed out that our Committee discusses this item at every meeting. What happens with Collective Bargaining issues that are raised by the Committee? Are they shared with the bargaining staff to be raised during negotiations?</p> <p>Bresee advised negotiations are a matter of prioritizing what you can obtain. There is no consistent pattern for negotiations and the contracts offer limited re-openers over the course of the contract.</p> <p>McAllister advised the benefit of a 12-month pay schedule for employees who work less than 12 months has become a payroll issue that must be addressed.</p> |

|  |   |
|--|---|
|  | <p>Masias distributed a list of actions to provide accountability and help minimize overpayments. Wright asked if management salaries could be cut to hold them accountable for overpayments. Bresee replied that salary steps could not be withheld due to performance.</p> <p>Former District teacher Carol Hunter shared a personal experience with a payroll overpayment. Leighton was directed to work with Ms. Hunter on this issue.</p> <p>Masias agreed that the process needs to be personalized, particularly when there is a significant dollar amount involved. There were 234 incidents of overpayments last year. Compared to the rest of the state our district's overpayment percentage is very low.</p> <p>Stein questioned whether or not foundation money can be used to pay staff salaries.</p> <p><b>Action: Bresee will report on Foundation funded teachers at next meeting.</b></p> |
| <p>7. 2009/10 Budget Development Update (Masias)</p> | <p>Masias advised his department is working on the budget presentation for the county and the state. All adjustments made will be entered into PeopleSoft. The report must show the 2009-10 budget balanced as well as projections for 2010-11 and 2011-12.</p> <p>Grier noted that the District is being asked to project a budget that we have no information on.</p>   |
| <p>8. Roundtable</p>                                 | <p>Wright questioned whether or not a school district can have an applied fringe or G &amp; A rate.</p> <p><b>ACTION: Research question and report back to committee.</b></p>   |
| <p>Adjournment</p>                                   | <p>10:02 a.m.</p>   |

The next meeting of the Audit and Finance Committee will be held on September 10, 2009, 8:00 a.m., Room 2226.

MAH