



Board of Education

San Diego Unified School District

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AUDIT AND FINANCE COMMITTEE
 March 25, 2009
 MINUTES

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

Staff Present: Masias, Leighton, Palkowitz, Ward, Macalos, Niehaus, McRobbie, Bresee, Weir

1. Meeting called to order (McAllister)	Chair McAllister called the meeting to order at 8:07 a.m.
PUBLIC COMMENT	<p>Sally Smith reported that a high school's ASB funds were used to fund a staff Christmas party at El Torito's. Leighton advised all ASB accounts have been transferred to Wells Fargo and are subject to audit. Additionally Ms. Smith reported a high school is charging \$30 per student for grant activities related to the 21st Century Assets Grant. Masias advised most grants require a match by the District.</p> <p>Action: Bresee advised internal audit will look into the allegations.</p> <p>David Page requested an update on the SERP.</p>
2. Approval of Minutes	Revised minutes from the January 23, 2009 meeting were approved unanimously.
3. Audit Presentation/Update on Current Audit (Christy White & Heather Daud of Nigro, Nigro, & White)	<p>Christy White and Heather Daud presented the Preliminary Audit Findings for 2008-09 fiscal year. Interim Audit Procedures have been completed for school site attendance, ASB accounting, ASES programs, and fraud risk interviews with selected management and staff. The Audit will include the District's funds, capital asset and debt programs, and compliance with federal and state law.</p> <p>McAllister and Stein requested additional information on ASB Fund accounts. Niehaus advised within each ASB account there are separate trust accounts including a faculty fund which helps deter theft and fraud.</p> <p>For the ASB audits, their meeting minutes were reviewed, and the auditors verified that the student representative and advisor were signing off on every expenditure. Each site is also provided with an ASB accounting guide.</p> <p>Christy White advised there were no audit findings in</p>

	<p>attendance and independent study. She also noted that due to improved record keeping at the ASES sites there were no findings in that area.</p> <p>Palkowitz advised that it is normal for attendance rates to decrease as the school year progresses. The District is working on an attendance campaign to help boost our enrollment. In addition school instructional minutes are being reviewed for next year and we are moving to an electronic system that will improve tracking.</p>
<p>4. FCMAT Audit Update (Masias)</p>	<p>Masias provided a copy of the FCMAT report summarizing the management audit. There will be a team headed by Shackelford to make sure the FCMAT recommendations are implemented. Confirmed that our external auditors would not be responsible for reviewing an audit like this.</p>
<p>5. Payroll Overpayment Follow-up (Masias/Weir)</p>	<p>Weir provided the Certificated Employees Leave of Absence Report based on employees on leave of absence for 2004-05, 2005-06, and 2006-07. Of the original 296 findings and \$490,880.99 in overpayments \$164,853.70 has been processed for payment or collections and 137 findings remain to be reviewed and/or processed. Weir advised that 15 percent of overpayments are due to contract related payments.</p> <p>Masias advised we need a team to deal with payroll overpayments. They should perform a root cause analysis to find the gaps in the system then be more assertive when trying to collect. We need to offer more training to provide more accountability.</p> <p>Niehaus advised accountability is missing at the sites. In some cases the site does not inform the District that a teacher has left.</p> <p>Weir advised letters are sent to management/executive leader regarding significant overpayment areas. There needs to be more diligent and consistent reconciliation steps to ensure it doesn't happen again. The District might consider charge backs to the departments discretionary dollars</p> <p>McAllister praised the District for stepping-up and devising ways to minimize the overpayments.</p> <p>Action: Barrera requested recommendations on how the District deals with payroll overpayments as soon as they are available in addition he would like an internal audit analysis and update on control of overtime payments.</p>
<p>6. District Reserve (Leighton)</p>	<p>Leighton provided a history chart of the District's budget reserve from 1999 to present. Our reserve is currently at two percent which is the required amount. Masias advised that after the budget crisis subsides the District will try to build its reserve. Leighton advised that if you look at our current</p>

	<p>reserve and all fund balances the actual reserve is approximately six percent.</p> <p>McAllister does not see a budget crisis as a reason to dip into our reserves. The reserve is in place as a rainy day fund to cover unexpected costs associated with natural disasters and things of that nature but a budget crisis does not constitute a rainy day situation.</p>
7. School Site Allocation Formula (Masias)	<p>Masias advised the formulas will assure that there are certain positions staffed at the sites and try to cut bumping within these positions that specialize in specific duties such as attendance clerks and financial clerks. This will help ensure accurate attendance reporting money handling.</p>
8. Roundtable	<p>Palkowitz advised the SERP update will go to the Board in closed session on April 14, 2009. The District will pay back a percentage of the monies to the Title I program over a three year period. There are to be no SERP charges to federal programs.</p>
Adjournment	<p>9:55 a.m.</p>

The next meeting of the Audit and Finance Committee will be held in September 2009. Time/Day/Location TBD.

MAH