



Board of Education

# San Diego Unified School District

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AUDIT AND FINANCE COMMITTEE  
Education Center Conference Room 2226  
January 23, 2009  
MINUTES

Members Present: McAllister, Wright, Stein, Barrera

Members Absent: Evans

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

1. Meeting called to order and Introduction of New Committee Members (McAllister)	Co-Chair Wright called the meeting to order at 3:05 p.m., introduced new Board member Richard Barrera, all present introduced themselves. McAllister briefly explained the purpose of the committee was to solicit input on the audits, provide accountability for the District, and support staff.
2. Approval of Minutes	Minutes from the November 20, 2008 meeting were approved unanimously.
3. Signing of Ethics Code (Niehaus)	<p>Niehaus advised some of the unions objected to the ethics code and directed their members not to sign. A grievance was filed by the unions but the case was dismissed. Bresee advised the signing of an ethics code is not common in a school district setting. The Ed Code regulates discipline so not signing the ethics code does not limit the District's ability to discipline employees.</p> <p>McAllister feels it is important for everyone in the District to accept the ethics code. He suggests having the ethics office coordinate meetings with employee groups to educate them on the ethics code. A sign-in sheet will need to be available to confirm each employee's attendance.</p>
4. Internal Audit Update (Niehaus/Duran)	<p>Niehaus presented the Internal Audit Status Summary for March 1, 2008 through January 14, 2009 which included Time and Labor, ASB, Purchase Cards, and four special audits on individual departments or groups.</p> <p>Niehaus advised in the process of comparing substitute hours paid to teacher absences one school had almost 700 hours of unreported absences. According to Masias the Finance staff is pushing to tighten financial controls and create a monthly "soft close" process in order to catch discrepancies before they get out of control. McAllister asked if a monthly time and labor summary could be sent to</p>

	<p>each school. Leighton pointed out that the Audit Paid to Reported Time Report is printed by the timekeepers every month but it provides limited information.</p> <p>Niehaus advised most audits are the result of a call to the ethics hotline and they focus on the highest dollar amounts.</p> <p>The Procurement card audit shows that in most cases where misuse was found the card was revoked. Once an employee’s card is revoked it will not be reissued.</p> <p>Barrera questioned to total amount of payroll overpayments we have every month. Masias advised that information is being gathered during the budget process. Niehaus stated a new timecard has been developed to help reduce overpayments. McAllister suggested enforcing a limited time frame to turn in time cards.</p> <p>Duran provided information on the conviction of Zamorano Elementary parent and PTA President Sandy Flores who stole more than \$100,000 from the school’s foundation. She was sentenced to 365 days of work furlough.</p> <p>On another special audit Niehaus advised a total Certificated payroll overpayment of over \$490,000 due to unreported leave of absence was discovered by the District’s audit software. Overpayments are not a priority to payroll techs. Overpayments should be processed by another department. Masias advised the payroll department will be realigned.</p> <p><b>Action: McAllister requested total amount of payroll overpayments at the next meeting.</b></p>
<p>5. Committee Nomination Oversight Report (Bresee)</p>	<p>Bresee advised no term limits were imposed on the Audit and Finance Committee members. Term limits would be at the school board’s discretion</p>
<p>6. National Science Foundation Update (Masias/Palkowitz)</p>	<p>Palkowitz advised the issue has been resolved. The district paid back \$300,000 of the original \$7 million grant from NSF, the settlement agreement has been signed, and it is Board approved.</p> <p><b>Action: McAllister would like the committee to report back to Emily Alpert at the Voice of San Diego regarding the outcome with supporting documentation.</b></p>
<p>7. Supplemental Early Retirement Plan (SERP) Update (Masias/Palkowitz)</p>	<p>Palkowitz explained the District is currently working with the California Department of Education on a resolution. The resolution is expected to go the Board in February for approval.</p> <p><b>Action: McAllister would like the committee to report back to KUSI and the DAC after the Board has approved the resolution.</b></p>

8. Roundtable	<p>Stein pointed out that the focus of this committee is audit.  <b>Action: Wright requested an update on the FCMAT audit. Masias agreed to present the findings at the March 25, 2009 committee meeting. McAllister suggested having our external auditors review the report.</b></p> <p><b>Wright requested the minutes from the 9/12/08 committee meeting pulled to discuss the school site management/allocation formula regarding time keepers. He advised it is important to always have a trained time keeper on site for accountability.</b></p> <p>McAllister shared dates of upcoming workshops hosted by the San Diego County Treasurer-Tax Collectors office on investing and cash handling.</p> <p>Leighton provided the Audit Fieldwork Schedule for 2009.</p> <p><b>Actions: Wright requested placing the District reserve on the next agenda for discussion.</b></p>
Adjournment	4:55 p.m.

The next meeting of the Audit and Finance Committee will be held March 25, 2009, 3:00 P.M., Room 2249.

MAH