



Richard Barrera  
President

John Lee Evans  
Vice President

Scott Barnett  
Trustee

Kevin Beiser  
Trustee

Shelia Jackson  
Trustee

AUDIT AND FINANCE COMMITTEE  
Education Center Conference Room 2249  
March 9, 2011  
MINUTES

**DRAFT**

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

Staff Present: Donovan, Little, Salkeld, Carr, Duran, Macalos, Weir, Hanby, Dulgeroff, Harris, Christy White, James Holley, Larry Goshorn, Gil Johnson, Kim Schoettle

Public: Emily Alpert w/ Voice of San Diego

1. Meeting called to order (McAllister)	Chair McAllister called the meeting to order at 2:00 p.m.
2. PUBLIC COMMENT	None.
3. Approval of Minutes: December 9, 2010 (EXHIBIT) (McAllister)	<b>MOTION:</b> Approve minutes of Regular Meeting, December 9, 2010; approved unanimously.
4. 2009-10 Proposition S Financial and Performance Audits (EXHIBITS) (Dulgeroff)	Christy White presented the Proposition S Financial and Performance Audits for fiscal year 2009-10. The Performance Audit had 5 findings. The Financial Audit had 4 findings. Regular Internal Audits are recommended.  <b>ACTION:</b> Present revised organizational charts for Finance at next meeting.  <b>MOTION:</b> McAllister moved presenting a letter from the Committee to the Board on March 29, 2011, recommending acceptance of the 2009-10 Proposition S Performance and Financial Audits; approved unanimously.
5. External Audit Request for Proposal (RFP) (Hanby)	Hanby outlined the RFP process: establish an Ad hoc committee; RFP is sent out; based on the proposals received staff makes a recommendation; the Ad hoc makes a recommendation to the Board; finally the contract is written and approved by the Board.  Barnett advised it is good to rotate firms and get a fresh perspective.  The purpose of the external audit is to receive an opinion on the accuracy and compliance of the District's financial statements. Christy White advised although there are findings every year, staff takes them seriously and takes necessary action for correction.  <b>MOTION:</b> Stein moved to have members Wright and Stein serve on the Ad hoc committee; approved unanimously.
6. Internal Audit Roles and Responsibilities	Salkeld presented the Internal Audit Workgroups research,

<p>(EXHIBIT) (Internal Audit Workgroup)</p>	<p>findings, and recommendations.</p> <p>Donovan advised the investigator reports to Human Resources (HR) as personnel matters are confidential. Currently Internal Audit reports to the General Counsel.</p> <p>Wright advised investigations should be separate from Internal Audit. Let the Committee pick the new Internal Auditor. Would prefer to have them report to the Superintendent and have all Internal Audit investigations come directly to the committee instead of receiving a status report later. Carr advised a preliminary report with recommendations is provided to the department for response, and then the reports are provided to the Committee for review.</p> <p>Barrera supports the separation of Internal Audit and Investigation Support. Internal Audit should report directly to the Superintendent.</p> <p><b>MOTION:</b> Barnett moved to change the administrative reporting structure to have the Director of Internal Audit report directly to the Superintendent and for the Audit &amp; Finance Committee to receive audit reports with departmental responses directly in addition to quarterly summaries; approved unanimously.</p> <p>This may require revision to procedure 2370.</p> <p><b>MOTION:</b> Barnett moved expanding the scope of duties for the committee to look at more finance and deferred maintenance projects; no second, motion failed.</p> <p>McAllister advised this has never been a finance committee, mostly audit. Stein added that finance is a separate group that takes a lot more time and oversight. The Audit Committee does not meet frequently enough to fulfill this need.</p> <p>Christy White’s professional opinion is that audit should remain separate from finance. McAllister suggested establishing an Ad hoc committee for deferred maintenance issues with members who specialize in facilities, information technology, and vehicles.</p> <p><b>MOTION:</b> Barnett moved recommending that the Board allow the Committee to have an active role in choosing the next Director of Internal Audit; approved unanimously.</p>
<p>7. Payroll Overtime Checklist for Timekeepers (EXHIBIT) (Little)</p>	<p>Item carried over from December 9, 2010 meeting.</p> <p>Weir advised managers manage their own payroll at the site level. The checklist will first go to cabinet for review and instruction then Payroll will distribute electronically to all Managers for use.</p>

8. Roundtable	Barnett is impressed with the caliber of the committee members.  <b>ACTION:</b> Christy White will present a preliminary external audit report at the June meeting.  McAllister advised the County is holding fraud seminars this summer. The County is ready to open its own Fraud Hotline based on SDUSD's success.
Adjourn	4:05 p.m.

The next meeting of the Audit and Finance Committee will be held Wednesday, June 8, 2011, 9:00 a.m., room 2226.

MAH