



# SAN DIEGO UNIFIED SCHOOL DISTRICT

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

## AUDIT AND FINANCE COMMITTEE

Education Center Conference Room 2226

December 8, 2004

### MINUTES

<p>Approval of October 13, 2004 Minutes</p>	<p>The meeting was called to order at 3:35 p.m.</p> <p>Members in attendance—Dan McAllister, John de Beck, Katherine Nakamura, Lisa Stein and William Wright.</p> <p>Staff in attendance—Kerry Flanagan, Ken Leighton, Andrea Niehaus, Art Palkowitz, Tad Parzen, Scott Patterson, Becky Phillpott and Jan Mohny.</p> <p>Board Members Mitz Lee and Shelia Jackson attended a portion of the meeting.</p> <p>Guest: Linda Saddlemire, Partner, Vicenti. Lloyd and Stutzman, LLP.</p> <p>Minutes of the October 13, 2004 meeting were approved as submitted.</p>
<p>Follow up on 2002-2003 External Audit</p> <p>Timeline for addressing findings and recommendations from final audit report</p>	<p>Patterson handed out Audit Findings (HO#1) and Leighton shared the annual audit plan and reported there are three open items in the state's recommendations and nine completed items. The district is working closely on the General Journal entries approval process with Vicenti, Lloyd, and Stutzman, LLP. Former external auditors from KPMG responded to our inquiry regarding the ADA adjustment amounts. KPMG has agreed to review our ADA calculations and if they agree, they will correct their Findings reported to CDE. Leighton reported Peggy McBride is no longer with KPMG which accounts for the response time being slow. Patterson explained that the district is paid on ADA not on our actual enrollment, 92-93% ADA. Leighton hopes to meet in January with Patricia McClendon, partner at KPMG, and have closure on audit findings by February. McAllister asked if the district has any reciprocal backup</p>

	<p>districts who could assist if we were unable to produce reports, paychecks, attendance, etc. Leighton stated this would be something we should look into. Neihaus, Internal Auditor, is concerned about the Internal Audit Department being assigned extra work when staff is already overworked and no time remains. Flanagan suggested that Patterson and staff would meet to set priorities and report back to this committee. McAllister stated that good progress was being made and he would like to have completion dates on open items and reports.</p>
<p>Internal Audit Annual Summary of Reports and Significant Findings</p>	<p>Flanagan distributed Internal Audit Interim Status Report (HO#2). The report shows a sampling from 10 sites. The findings produced a variety or concerns including documents missing at sites, totals do not include dollar figures etc. ASB audits at two schools are completed. McAllister requested that major findings be numbered for ease in reviewing. Wright asked if last years audit exceptions were compared to this years audit. Niehaus gave an overview of charter school Sojourner Truth. Audit showed financial misappropriations and the charter was not renewed.</p>
<p>Status Report on NSF Audit</p>	<p>Patterson and Art Palkowitz gave a brief overview of the Response to Audit Recommendations Time Certification. Two grants were audited in which nearly every single expenditure was questioned. Total of grants was approximately 12 million dollars. Inspector General's Office came out for the investigation with our lawyers working with them. De Beck stated at one time we cancelled NSF grants. He asked for identification of grades 1, 2, or 3 when reporting findings. It appears there is more fault with the record keeping than intent. (HO#3)</p>
<p>First Interim Financial Report</p>	<p>Patterson reported the First Interim Financial Report will be submitted by December 15. Recommendations will go to Board for positive certification on December 14. We have had a 3700 student decline in 04/05 and projecting 2564 decline in 05/06. We project a 1.5% ending balance at the end of 05/06. An updated analysis will be presented after the governor releases his January budget. The education coalition will be</p>

	<p>very strong this next year with the state. McAllister shared information on a seminar to be presented by the School Services of California in January and recommended it would be good for committee members and district representatives to attend. Patterson stated the current auditor is in the process of doing site audits at 25 schools on ADA. They are near completion of 2 schools and are finding missing attendance records. The auditors may need to extend their scope of the audit. SAS99, Fraud Interviews are expected to be contacted during the first two weeks of January. Phillipott said we would work with McAllister and Wright to prepare a report to distribute rather than have another committee meeting.</p>
Next Meeting	Next meeting will be in mid-February. Date to be determined and committee will be notified.

Respectfully Submitted,

Jan Mohny