



**BOARD OF EDUCATION
SAN DIEGO UNIFIED SCHOOL DISTRICT**

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LUIS ACLE JOHN DE BECK SHELIA L. JACKSON MITZ S. LEE KATHERINE NAKAMURA
President Member Member Vice President Member

AUDIT AND FINANCE COMMITTEE
Education Center conference Room 2249
February 16, 2006

MINUTES

Members Present: McAllister, Jackson, Nakamura, Wright
Staff Present: Betancourt, Buckley, Leighton, Maracle-Sweeney, Niehaus, Patterson,
Phillpott
Guests: Shari Hom, Jodi Smith

1. Meeting Called to Order	Chairman McAllister called the meeting to order at 2:10 p.m. Phillpott introduced Shari Hom intern in the board office for spring, 2006.
2. Internal Audit Status Report	Niehaus distributed copies of the July 2004 to December 2005 Internal Audit Status Report. Major findings included: <ul style="list-style-type: none"> - Payroll and overpayments recorded. - Excessive absences recorded. - No supporting documentation. Nakamura asked if schools are being informed of the types of errors being found. Niehaus said the process is reviewed with principals over the phone. Betancourt stated that schools need incentives to save money and that the positives outweigh the negatives. He suggested the following helpful ideas: <ul style="list-style-type: none"> - Electronic examples of common errors e-mailed to principals. - Meetings with principals, such as the February 23 Elementary Principals, to include audit examples. Niehaus will put together a handout as to the errors being found to be distributed at principal's meetings. She said they are working to develop a data base system to check budgets electronically.

	<p>Betancourt suggested that it will be necessary and valuable to ask principals what they think would be an appropriate way to handle this situation. Betancourt said he has offered to meet and has met with principals individually to review their budgets.</p>
<p>3. Update on Management Responses to External Audit Findings (Buckley)</p>	<p>General counsel, Ted Buckley, introduced Jodi Smith to the committee. Ms. Smith will be working for the district as a consultant for a 6 month period until June 2006 to develop an organization-wide code of ethics and training program. She will also develop a formal anonymous mechanism for reporting concerns about fraud. Phillipott will forward Ms. Smith's contact information as well as a description of her primary responsibilities via e-mail to the members of the committee.</p> <p>Patterson briefed the committee about ongoing district negotiations with the State over our proposed use of Electronic Attendance Accounting. Board members were encouraged to help communicate with selected officials on this issue.</p>
<p>4. Review of Duties and Responsibilities of Audit Committee (Leighton, Phillipot)</p>	<p>The committee reviewed the purpose, membership, meetings, duties and responsibilities of the committee and will periodically review this committee.</p>
<p>5. Planning for 2006-2007 Auditor Selection (Patterson)</p>	<p>Discussion regarding the planning for the auditor selection ensued. Patterson indicated the need to determine how the committee will go about contracting for the next period of audits. Patterson will come back to the next meeting with policy recommendations for committee's consideration.</p>
<p>6. Next Meeting Date</p>	<p>The next meeting will be held in late May. Phillipott will coordinate.</p>
<p>7. Roundtable</p>	<p>Enrollment has declined 10 percent over the past five years. Wright raised question as to why there are not more school closures taking place if the enrollment has dropped so dramatically.</p>