



Board of Education

San Diego Unified School District

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AUDIT AND FINANCE COMMITTEE
Education Center Conference Room 2249
December 5, 2007
MINUTES

Members Present: McAllister, Nakamura, Jackson, Wright
Members Absent: Stein
Staff Present: Kowba, Leighton, McRobbie, Buckley, Niehaus, Palkowitz, Phillpott, Macalos, Duran

Meeting called to order	Chair McAllister called the meeting to order at 3:15 PM.
Approval of Minutes – 10/10/07	Minutes were unanimously approved by members present.
2. Review of 2006-07 External Audit and Presentation by the Auditor	<p>The External Auditor Tina Henton explained adjustments made to six funds. She assured the committee the only difficulty in getting information regarding these adjustments was due to a system transition and not related to illegal acts or disagreements with management. There are \$2.7 million in payroll overpayments, \$917,000 of which have been collected. Our payroll system is part of the problem due to the 10/12 system. McAllister suggested discussing the payback plan during collective bargaining.</p> <p>Of the nineteen prior year findings, fourteen have been fully implemented, three are in progress, and two are repeats. Of the six findings related to funding, only finding 07-05 was an accounting error. The largest finding related to instructional materials funding for \$7,103,643 was resolved. Board Member Jackson requested the committee receive information on which department is responsible for the findings so they may be held accountable.</p> <p>Action: Copies of the required communication and the complete audit were provided to the members of the committee for review.</p> <p>Phillpott will prepare a draft letter prior for the December 11 Board of Education meeting for committee review.</p>
3. Update of National Science Foundation Investigation (Kowba/Palkowitz)	<p>Palkowitz advised there is an ongoing dialogue with the external attorneys. There is another teleconference scheduled for December 14 where they will start working on a solution. Documentation of what has been done and the District's compliance will be provided during this teleconference.</p> <p>Action: Wright requested a memo to the committee outlining the outcome of the December 14 teleconference.</p>
4. Hotline Summary Report (Niehaus/Duran)	<p>From October 2006 through October 2007 there were 207 reports made to the fraud hotline: 123 investigations were completed and 84 are assigned and in progress. Of the completed investigations, 33 resulted in corrective or administrative action. One completed investigation involving a classified employee was referred to the San Diego District Attorney and six felony charges were filed. The preliminary hearing took place on November 26.</p>

	<p>The area with the most hotline reports is Employee Relations which received 45 complaints. Seventeen were from the same school (Barnard). The second largest category was theft of time which includes abuse of overtime pay or pay for hours not actually worked. Duran advised \$16 million in overtime was paid last year and the manager should be held accountable for overtime pay.</p> <p>Action: Niehaus will provide a report to Jodi Smith regarding theft of time by next week. Board Member Jackson would like the policy on overtime provided to Jodi Smith as well.</p>
5. Next Meeting Date	<p>Action: The next committee meeting will be held in February 2008. A specific date has yet to be determined.</p>
6. Roundtable	<p>Nakamura provided Wright and McAllister with copies of her budget workbooks.</p> <p>Action: Wright requested discussion on Charter School Oversight at a future meeting. Leighton provided the handouts for review prior to the next meeting.</p> <p>Action: Wright requested another Internal Audit report.</p>

Meeting adjourned at 5:05 p.m.