

AUDIT/FINANCE SUBCOMMITTEE MEETING  
SWEETWATER UNION HIGH SCHOOL DISTRICT  
BOARD OF TRUSTEES

UNADOPTED MINUTES

4:30 p.m.

March 9, 2017

Board: •Paula Hall •Kevin J. Pike • Nicholas Segura • Arturo Solis •Frank A. Tarantino  
Superintendent: Karen Janney •Student Board Representative: Xavier Serena

Order of Business

**A. CALL TO ORDER**

Member Hall called the meeting of the Audit/Finance Subcommittee to order at 4:45 p.m. In attendance were Nicholas Segura, board member; Marisela Garcia-Centeno, community member; Karen Michel, chief financial officer; Frances Martinez, district auditor, and Gerardo Moreno, district auditor. Also in attendance were Moises Aguirre, assistant superintendent of facilities and operations; and Roxanna Travers, capital projects financing and reporting manager. Absent was William Kowba, community member.

**B. PUBLIC COMMUNICATION**

There was no public communication.

**C. ITEMS FOR DISCUSSION**

**1. Review of Prior Minutes**

The following meeting minutes of the Audit Finance Subcommittee were reviewed and unanimously approved as presented and will move forward for the consideration of the full Board:

October 26, 2016  
December 7, 2016  
February 21, 2017

**2. Audit Items**

- a. External auditors Steve Bacchetti and Peder Jensen of Moss Adams LLP, presented the results of the 2015-2016 Draft Performance Audit of the 2006 Proposition O Construction Bond. Big steps achieved in certain areas and great practices accomplished.
- b. Ms. Michel discussed the prior request for an expanded financial audit. External auditors stated they currently provide the following services as part of their audit process: shipping and receiving, blanket purchase order process, time entry, and Form 700.

Ms. Michel commented external auditors will be providing an engagement letter for the expanded scope items; however, cost will be determined after sample size is established.

Ms. Hall requested external auditors provide ways of increasing sample size for items currently included in the scope of services for a more in depth review.

Ms. Garcia-Centeno discussed the Conflict of Interest Form 700 and district process. Ms. Michel will provide the Administrative Regulation, which gives this detail.

Ms. Michel discussed finalizing the 2016-2017 Performance Audit Scope so the RFP can move forward for full board consideration.

Ms. Hall stated the scope is expanded above what is normal practice, and should be evaluated every few years to assess whether or not expanded scope items that have been completed need to be included, keeping in mind that we delve in deeper some years. Additionally, she requested a schedule that includes time external auditors spend with staff.

Dr. Aguirre commented on the importance of highlighting observations that call for significant staff. Thus, they focus on identifying and prioritizing items. Furthermore, Dr. Aguirre read the four requirements listed in the 2016-2017 Guide for Annual Audits and State Compliance Reporting to show how expanded the current Performance Audit scope is. He additionally stated they are in the process of putting procedures in place as the Performance audit provides best practices. Dr. Aguirre will prepare an update on the timeline in person or via memo at a future meeting.

Ms. Garcia-Centeno recommended having a strategic plan with goals and objectives to revisit and evaluate internally each year, and reevaluate based on risk assessment, keeping management controls and internal controls in place.

Ms. Hall recommended committee consider an audits policy in the future.

All committee members present agreed on keeping proposed audit scope.

Ms. Hall recognized staff present: Sheryl Sarabia, budget analyst; Roxanna Travers, capital projects financing and manager; Edward Soriano, budget analyst; Maria Prince, budget analyst; Antonio Gurrola, budget analyst.

### **3. Financial Reports**

Ms. Michel commented the purpose of Second Interim is to inform the board of budget revisions since first interim. First interim encompasses period from July 1 through October 31. Second Interim encompasses period from November 1 through January 31. The final financial report for this year will be provided when books are closed and unaudited actuals are presented.

Ms. Michel walked the committee through the Second Interim Report.

#### **4. Fraud Hotline**

Ms. Martinez shared her research on the Fraud Hotline. The district currently has the use of a hotline managed by WeTip which is offered through the JPA. Furthermore, agencies contacted, maintain third party hotlines and recommend this for the district. They also recommended establishing policies on Conflict of Interest and Ethics as well as training to all employees in these areas.

Ms. Hall will recommend to board establishing an independent Fraud hotline. Furthermore, she requested creating a subcommittee of this committee to work on the development of this area.

#### **5. Internal Audit**

Ms. Martinez provided an overview of the Internal Audit program.

Ms. Hall requested reports be sent out via Ms. Michel, and questions directed only to Ms. Michel. This item will be on the agenda for the July meeting.

Karen Michel to check on status of emails for community members.

#### **D. ADJOURNMENT**

The meeting adjourned at 7:10 p.m.