



# EAST SIDE UNION HIGH SCHOOL DISTRICT

## MINUTES OF MEETING

### Board Audit Committee

April 16, 2019

6:00 PM

East Side Union High School District

Superintendent's Conference Room

830 North Capitol Avenue, San Jose, CA 95133-1398

#### 1. Call to Order/Roll Call

##### 1.01 Roll Call

*The meeting was called to order at 6:05 pm by Chair Lan Nguyen.*

*Present for roll call were:*

- *Chair Lan Nguyen*
- *Vice Chair Lorena Chavez*
- *Member Jon Reinke*
- *Member Rajesh Godbole*

*Absent: Member Divvya Muthukumaar*

#### 2. Introductions

##### 2.01 A welcome is extended to the current and newly appointed members of the Audit Committee

- Board Member Lan Nguyen – Newly Appointed Chair, term to December 2019
- Board Member Lorena Chavez – Newly Appointed Vice Chair, term to December 2019
- Jon Reinke – Continuing Member, term to January 2020
- Rajesh Godbole – Newly Appointed Member, term to January 2021
- Divvya Muthukumaar – Newly Appointed Member, term to January 2021

*A welcome was extended to the current and newly appointed members of the Audit Committee. Introductions were made by members, staff, and external auditor.*

#### 3. Adoption of Agenda

3.01 The Board Audit Committee may request that items be removed from the agenda for consideration and/or carried to a future meeting for consideration and/or action.

*There were no changes to the agenda.*

#### **4. Special Order of Business**

4.01 Individuals may be permitted to present an item out of order on the agenda to accommodate their schedules.

#### **5. Public Members who wish to Address the Audit Committee**

5.01 Members of the public may address the Audit Committee on any subject not on the agenda; however, provisions of the Brown Act (Government Code 54954.2(a) and 54954.3) preclude any action. As an unagendized item, no response is required from the Audit Committee or district staff and no action can be taken; however, the Committee may instruct the Chair to agendize the item for a future meeting.

*There were no public speakers under this item.*

#### **6. Approval of Minutes**

6.01 Discussion/Action: Approve Minutes of December 11, 2018, Audit Committee Minutes

*Recommendation to approve the minutes as amended. Correction to page 6 -- third paragraph from bottom of page: change "mad" to "made".*

*Motion by Member Jon Reinke, second by Member Rajesh Godbole  
Vote: 4/0; Member Divvya Muthukumaar absent; Motion Carries*

#### **7. External Auditor**

7.01 Discussion/Action: Annual Audit 201819: Engagement Letter for the Annual Financial Audit

*External Auditor Ahmad Gharaibeh from Vavrinek, Trine, Day & Co, LLP presented information on the 2018-19 annual audit. An engagement letter is a requirement per audit standards that external auditors present to a governing board and members of the audit committee which discusses the scope of the audit.*

*Item.7.01 is an engagement letter regarding the District audit; the scope of the annual financial audit.*

7.02 Discussion/Action: Annual Audit 201819: Engagement Letter for the Bond Programs Financial and Performance Audits

*Item 7.02 is an engagement letter regarding Prop 39 -- bond audit. This item is required to have two types of audits. One is the financial audit when they ensure the monies are segregated from the District's funds. The second component is where they do a performance audit, which is a compliance audit; a test of expenditures that are charged to the Bond Program. This is to ensure that these expenditures are what the voters voted for in the ballot language.*

7.03 Discussion/Action: Audit Planning Communication and Fraud Considerations Memo, including School Site Testing Results

*Attendance was reviewed and passed. There were no exceptions. A new accounting rule has leases designated as a liability and is recognized as a receivable. ASB funds may need to roll into the general fund; funds are significant dollar amounts. The Mt. Pleasant School Finance Clerk is selling football tickets at the gate. The income is tracked electronically from a laptop instead of using paper tickets. This method is not as controlled. The roll of paper tickets is preferred as it has designated tickets numbers and is an effective controls method.*

**8. Chair / Vice Chair**

8.01 Lan Nguyen, Chair, and Lorena Chavez, Vice Chair, will provide updates, if any.

*Chair Lan Nguyen informed the Committee that the Board will be completing their annual evaluation of the Senior Manager of Internal Controls at their next Board meeting. They look forward to their continued work with the Senior Manager of Internal Controls.*

**9. Superintendent / Associate Superintendent of Business Services**

9.01 Presentation/Discussion/Action: New ERP Financial and Human Resources Management Solution "MUNIS" Update

Chris Jew, Associate Superintendent of Business Services, and Randy Phelps, Chief Technology Officer, will provide an update on the new Enterprise Resource Planning (ERP) Financial and Human Resources Management Solution "MUNIS".

*Randy Phelps, Chief Technology Officer, shared with the Committee that the District is implementing new Enterprise Resources Planning (ERP) Financial and Human Resources Solution known as "MUNIS". The financial management portion of the software manages budgets and pays invoices/bills. It has the ability to do budget projects several years into the future, which includes different budget scenarios. The system also has a human resources component that handles recruitment, advancement, and calculations. There is an inventory module that will allow Purchasing and IT to have command and controls of the inventory of items.*

*Software support and servers are located in the United States. All core resources will be based in the cloud.*

**10. Senior Manager of Internal Controls**

10.01 Discussion/Action: Fraud, Waste and Abuse Hotline Update

*Kelly Kwong, Senior Manager of Internal Controls, reported on the status of the Fraud, Waste and Abuse Hotline. Since the last meeting in December, Kelly received two reports. One was handled by the District's Legal Counsel, which was unfounded, and the second was related to associated student body funds (ASB) and booster. Processes were changed. Kelly met with the specific high school staff and booster to provide guidance. The principal will monitor; the site is back on track.*

## 10.02 Discussion/Action: Associated Student Body (ASB) Update

*Kelly Kwong, Senior Manager of Internal Controls, provided an update on ASB matters. During this time of the year, the financial health of each school is reviewed. There is no school in the negative. There is an annual process called “carry over” of which they need to publicly notice people and have signatures to show and demonstrate they are aware of the balance and will try to reduce their balance prior to the end of the school year.*

*A School Finance Clerks meeting is scheduled for next week -- during Spring Break. All, but one person, will be able to attend the meeting.*

## 11. Audit Committee Business

### 11.01 Discussion/Action: Audit Committee to Review the Audit Committee Charter

*The last amendment to the Charter was December 10, 2015. It was agreed that the Charter should be periodically reviewed. It was further agreed a subcommittee, which includes a Board member and a member of the Audit Committee, would review the charter. Proposed amendments to the Charter will be presented to the Board of Trustees for adoption.*

*Recommendation to establish a subcommittee to review the Audit Committee Charter for potential changes and to appoint to the subcommittee Member Jon Reinke and Board Member/Audit Committee Chair Lan Nguyen.*

*Motion by Member Jon Reinke, second by Member Lan Nguyen*

*Vote: 4/0; Member Divvya Muthukumaar absent; Motion Carries*

## 12. Audit Committee/Superintendent/Associate Superintendent Communications/Comments

### 12.01 Audit Committee Members

- Chair Lan Nguyen
- Vice Chair Lorena Chavez
- Member Jon Reinke
- Member Rajesh Godbole
- Member Divvya Muthukumaar

### 12.02 Chris D. Funk, Superintendent

*Superintendent Chris Funk shared with the Committee that staff will continue the great work of the Audit Committee, as well as continue to become more efficient and better at what they do. He commended Kelly Kwong for her great work.*

### 12.03 Chris Jew, Associate Superintendent, Business Services

*Associate Superintendent Chris Jew looks forward to continuing their good work and having clean audits. Staff works hard and continues to be challenged. All the work and clean audits are due to the work of the staff.*

### **13. Future Agenda Items**

#### 13.01 Opportunity for Audit Committee to request Items on Future Agendas

*There were no future items requested.*

### **14. Next Meeting**

#### 14.01 Audit Committee to Schedule the Next Meeting

*The next meeting of the Audit Committee will be September 24, 2019, and December 10, 2019. Both meetings will begin at 6 PM, in the Superintendent's Conference Room of the East Side Union High School District.*

### **15. Adjournment**

#### 15.01 Chair Adjourns the Meeting

*The meeting was adjourned by Chair Lan Nguyen at 7:10 PM.*

**Approved Minutes:  
Lan Nguyen, Audit Committee Chairperson  
September 24, 2019**