



## Board of Education Meeting

### San Diego Unified School District Audit Results 2003

April 2004



## KPMG Engagement Objectives

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**Report on the District's basic financial statements for the year ended June 30, 2003**



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**Report on the Audit of Federal Programs in accordance OMB Circular A-133**



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**Report on the Audit of State Programs in accordance with the K-12 Audit Guide**



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**Make recommendations for improvements to internal controls and operational and financial reporting procedures (Management Letter)**



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**Report required communications to the Audit Committee**

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## Audit Timeline

Dates	Task
<b>May and June 2003</b>	<b>Interim fieldwork, including testing internal controls and compliance</b>
<b>October and November</b>	<b>Begin final audit fieldwork, including updating controls tested at interim; perform compliance test work</b>
<b>January through April</b>	<b>Continue and complete final audit fieldwork; test account balances</b>
<b>April</b>	<b>Draft financial statements provided by District personnel, reviewed by KPMG</b>
<b>April 27</b>	<b>Board of Education meeting</b>





## Engagement Approach

Our approach to the engagement was as follows:

- **Consideration of internal controls and key processes to assess risk of material financial misstatement and noncompliance**
- **Perform additional substantive testwork, including compliance testwork, based on risks identified and internal control findings.**
- **Examine the basic financial statements for adequacy of disclosure and fairness of presentation.**
- **Issue our auditors' reports on the basic financial statements, compliance and internal controls.**
- **Discuss comments on performance improvement opportunities.**





## Key Engagement Results

The key results of our engagement were as follows:

- **Unqualified opinion on the basic financial statements**
- **Unqualified opinion on the District's compliance at the financial statement level – one finding regarding Board Review of Investment Information**
- **Qualified opinion on the District's compliance with Federal Programs – due to follow-up on single program certifications**
- **Minor findings relevant to State compliance concerning attendance records and independent study**
- **No material weaknesses in internal controls; a reportable condition was noted related to financial reporting and a lack of management review of such information.**







## Key Engagement Results

### Performance Improvement Opportunities:

- **Prior year recommendations were substantially implemented – exceptions relating to information technology**
- **Current year findings impacted by:**
  - **Loss of experienced accounting and finance personnel**
  - **Insufficient numbers, training and experience of remaining accounting staff**
  - **New PeopleSoft System implementation**
  - **Expanding District internal control, compliance and financial reporting responsibilities**





## Key Engagement Results

### Performance Improvement Opportunities:

#### Current year recommendations address:

- **Accounting - for open purchase orders and Associated Student Body monies**
- **Internal controls:**
  - **Sampling applications for the reduced price lunch program**
  - **Initiating and approving journal entries**
  - **Monitoring investment earnings, employee receivables, dental claims processing**
  - **Documentation – payroll classification reviews**
  - **Separation of duties – payroll access controls**
- **Technology – application security, enterprise (network) security, disaster recovery planning**





## Questions / Other

