

Audit Committee Audit Findings Tracker - February 7, 2022

Audit Year							Audit Finding Description	Views of Responsible Officials Planned Corrective Action Summary 2020	Views of Responsible Officials Planned Corrective Action Summary 2022	Responsible parties, departments and/or assigned director	Additional mechanisms, rules, procedures implemented to ensure integrity, accountability and prevent fraud and/or additions to monitoring process	Targeted Resolution and Status Update 2/7/22	2021-22 Audit View/Recommendations
2016	2017	2018	2019	2020	2021	2022							
							Human Resources/Payroll Internal Control Process, Pension - A material weakness in internal control over financial reporting - The District could not supply documentation to satisfy us that census information and payroll amounts reported to pension providers are complete and accurate. We analytically recalculated these expenses, noting that the payment made to pension providers during the year appears correctly recorded in the accounting records of the District. However, since we could not verify if the underlying data on which those charges are based is complete and accurate, we cannot confirm if the eventual payments are for the correct amounts. Repeat finding 2021-002	A designated area of focus by district management. Resolution requires both systems changes and procedural changes followed by training.	The District has identified as a key concern and alignment between payroll, human resources, Business Services and Risk management has been critical to this issue. Internal procedures are fragmented and District has identified system needs as a post-correction from its 2018-19 transition to Escape system. Alameda County Office of Education has hosted meetings in support of fixes. This has been in process since September 2020.	Nicole Caldwell, Director Payroll		Change implementation started in Sept 2020	There appears to be a lack of ongoing monitoring and oversight to ensure that employees involved in the critical process are consistently following the established policies and procedures, including the retention of pertinent physical records to support the performance of documented controls. Often no single person is accountable to locate documents or answer questions.
		x	x	x		x	2022-001						
							Payroll Internal Control Process Vacation Tracking - A material weakness in internal control over financial reporting - The District was unable to supply documentation to prove that vacation usage is accurately recorded in the payroll system and that balances do not exceed the maximum allowed per District policy. Furthermore, we noted that the controls over the calculation of accrued vacation on separation do not include documentary evidence of an independent reviewer. The District verbally informed us that someone independent of the preparer reviews each calculation. However, because evidence of the control is not documented, we consider this to be evidence of a material weakness. Repeat finding 2020-003. In substantive testing of general ledger account balances, the reported payroll expenditures are fairly stated based on the amounts paid upon separation. However, we cannot conclude if the District has a complete and accurate accounting of vacation balances on which to base payments upon separation.	Leadership team is revising procedures.	The District requested and received leave documents from school sites and departments as of 2017-18, when a defined practice that formerly was done ceased. The school sites upload to a Payroll Documents and we physically collected the documents in 2021-22. We have requested this as an annual submission to ensure that this documentation is available and accessible for internal review and external audit. Similar to what was stated above, the District's inability to validate compensation records and transactions to include leave taken, reported and recorded is another area of key focus. Newly hired directors of payroll and budget and Finance should help with resolution and lead project. The leadership team and assigned staff will also develop a revised standard operating procedure to share with all departments and sites to ensure that leave procedures are understood and followed which includes monthly recon by department and site and use of Frontline System to capture info.	Lisa Grant-Dawson, Business Services, Jenine Lindsey, Labor Relations, & Tara Gard, Human Resources	The District is aligning its practices to the Contractual Bargaining Agreements and working with Labor Relations, Human Resources, and Bargaining Unit Leadership.	In progress and executed for 2020-21 as of 2019-20	Management in charge of these areas should be held accountable to ensure that all critical internal control policies and procedures are communicated to the employees charged with carrying out those procedures. Management further needs to monitor compliance and ensure that processes are being performed timely and consistently. Furthermore, there needs to be one established method to ensure that controls are being followed and that employees do not deviate from established District policies. Finally, there needs to be a formal record retention policy that supports the fact that controls are being followed following District policies.
		x	x	x		x	2022-002						
							Payroll Internal Control Process, Vacation Payments A material weakness in internal control over financial reporting - The District expense was 3.4 M million to employees for vacation accumulated; however, it is unable to assert that the amounts paid were actually due to the employees. Repeat finding prior year 2021-004		See above			Currently, leave records are maintained at the site and are not submitted to the District's Leave department. These records are imperative to evaluate vacation and other leave requested and taken and it has been recommended and a new process developed to secure the detail records of employee leave monthly from each site/department. It is these records that historically have not been available within the Central District Office and/or requested or provided by the sites/departments upon auditor selection.	Management in charge of these areas should be held accountable to ensure that all critical internal control policies and procedures are communicated to the employees charged with carrying out those procedures. Management further needs to monitor compliance and ensure that processes are being performed timely and consistently. Management should prepare an auditable accounting of the documentation of which the District determined payouts of accumulated vacation during the year to be valid. The District should consult with legal counsel about recovery if any payouts are determined to have been incorrect.
						x	2022-003						
							Health Benefits Governing Board - A material weakness in internal control over financial reporting The formula to calculate the District's health and welfare obligations per the HBGB agreement is unclear and has been interpreted differently with substantially varying outcomes. Specifically, the part of the formula that reads "...take the FTE from the total of all authorized full-time equivalent positions covered by this Agreement...as outlined in the Position Control Report as of October 31..." is not clear. Standard usage of the PCR is for budgeting purposes, subject to estimation risk and uncertainty. Repeat finding 2021-005.	HBGB negotiations in progress.	The District resumed mediation with HBGB in October 2022.	Lisa Grant-Dawson, Business Services, Jenine Lindsey, Labor Relations, & Tara Gard, Human Resources, Josh Daniels, General Counsel		The negotiations process is in progress with HBGB, and the objective to negotiate a formula that is clearer and minimizes the risk of interpretation for future operational failure is the goal of the District.	We recommend that the District, and other applicable parties, revise and clarify the formula used to calculate the districts annual obligation for health and welfare. The procedure should be subject to independent recalculation to ensure that its results are consistent with its intent.
		x	x	x		x	2022-004						

