



Business Services Division Memo

To: OUSD Audit Committee
Elizabeth Ross, Chair

From: Lisa Grant-Dawson, Chief Business Officer
Ryan Nguyen, Controller

Subject: 2021-22 Corrective Action Plan Update

Date: November 6, 2023

Dear Chair Ross and the members of the OUSD Audit Committee,

In response to the request for an update on the 2021-22 Corrective Action Plan (CAP), please see the complete list of items from the Alameda County Office of Education. At the time of the initial presentation on May 22, 2023, Agenda Item 23-0564, two responses were in progress. 2022-001 and 2022-003, and are included in this packet.

Please see the attached 2021-22 CAP's 2022-01 - 2022-11.

The District is in the process of updating the CAP's as part of the 2022-23 Audit and will have updates at the next Audit Committee meeting.

In Community,

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Audit Finding Corrective Action

District: Oakland Unified School District

Fiscal Year: 2021-22

Finding Category: 30000 Internal Control – Human Resources/Payroll Internal Control Process, Pension

Finding #: 2022-001

The auditor identified a material weakness in internal control over financial reporting – the District could not supply documentation to satisfy the auditor that census information and payroll amounts reported to pension providers are complete and accurate. This condition applies to 11 items from the auditor’s total sample of 80. There is a higher-than-average risk that payments to pension providers could be for incorrect amounts.

The auditor indicated that there appears to be a lack of ongoing monitoring and oversight to ensure that employees consistently follow established policies and procedures, including the retention of pertinent physical documentation.

The District’s corrective actions as identified in the audit report appear to recognize the risk associated with this finding and the leadership team is actively working to identify, train, and focus on critical areas to ensure accuracy and reliability. However, as this is a repeat finding (2021-002), the District will need to more fully describe the corrective processes that have been implemented, and provide supporting documentation for all specific actions taken to resolve the finding. Please also include training dates, materials, as well as copies of updated policies and procedures that demonstrate an internal desk audit and improved record retention amid decentralized staff.

Corrective Actions: Describe below the specific actions used in resolving the audit finding. Provide all documentation which supports the specific action, i.e. copies of amended reports, corrective action plan, written procedures, etc.

The District has identified this area as a key concern and as reflected in the finding was able to address a portion of the sample requested. We have continued the methodology of assessing employee pension setup in the CalSTRS and CalPERS system directly. The preferred methodology and corrective action plan continues to include the District continuing to Permissive Election Form (ES-372) for CalSTRS and CalPERS), which are completed by the employee as employees on onboarding. These forms are now electronically processed and are required for new employees and re-hired employees, as well as ensuring they are received from the onboarded employee within the required timeframe.

Upon completion by the employee, this form, in addition to the I-9 and I-9 identifying documents are now routed from our Talent Department after onboarding to Payroll for entry into the retirement system and a copy is subsequently sent to the County Office of Education to confirm the District's entry; thus, ensuring that all new/re-hired employees eligible to participate in retirement are in the system. The process of having the Election Forms available therefore allows the District to provide to the auditor the requested information with completeness and accuracy. Based on the completed form in addition to verifiable identification documents, employees are then placed in the retirement system under CLASSIC or PEPRA according to the criteria which is governed by hire date in a qualifying position.

The Payroll Department has been attending retirement trainings at ACOE, in addition to those offered through CalPERS and CalSTRS to not only stay abreast of policy changes and updates but to assure the accuracy and timeliness of reporting are being applied in a more efficient manner. The most recent trainings were:

April 12, 2023 - ACOE for CalSTRS & CalPERS

October 27, 2022 - CalSTRS

September 29, 2022 - CalSTRS



Audit Finding Corrective Action

District: Oakland Unified School District

Fiscal Year: 2021-22

Finding Category: 30000 Internal Control – Payroll Internal Control Process, Vacation Tracking

Finding #: 2022-002

The auditor identified a material weakness in internal control over financial reporting – the District could not supply documentation to verify that vacation usage is accurately recorded in the payroll system. The auditors could not conclude if the District has a complete and accurate accounting of vacation balances on which to base payments upon employee separation. There is a higher risk that employee vacation is not reported, and the liability and eventual payout may be more than what was earned.

The auditor indicated that there appears to be a lack of ongoing monitoring to ensure that employees provide complete and timely responses during scheduled audit fieldwork.

The District's corrective actions as identified in the audit report include assigning responsibility to the Directors of Payroll and Budget & Finance, as well as planning to develop a revised standard operating procedure to be shared with all departments and sites which will involve monthly reconciliation. However, as this is a repeat finding (2021-003), the District will need to more fully describe the corrective processes that have been implemented to date with timelines for planned corrective processes, and provide supporting documentation for all specific actions taken to resolve the finding.

Please see [OUSD Absence Implementation Information](#) to substantiate January 2023 implementation and subsequent reporting documentation the District will have online versus obtaining paper records.

Corrective Action: The District requested and received the 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 in finding 2021-002, the District's inability to validate compensation records and transactions to include leave taken, reported, and recorded is another key area of focus and the appropriate assignments to lead this project has been done upon the selection and hiring of the Directors of Payroll and Budget and Finance. 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 reconciliation by department and site and the use of the Frontline System designed to capture the information.

3/8/2023 Update: From July 1, 2022 to December 31, 2022, the District was using its historical paper based leave request form and uploading it to a module in an offline system called Payroll Docs. The District migrated to an online leave system through Frontline as of January 1, 2023. All leave was requested online through the frontline system, which will retain the employee request, supervisor authorization, and posting in our leave system. The District is confident that it has the backup documentation for each leave transaction that will be available to the auditors.



Audit Finding Corrective Action

District: Oakland Unified School District

Fiscal Year: 2021-22

Finding Category: 30000 Internal Control – Payroll Internal Control Process, Vacation Payments

Finding #: 2022-003

The auditor identified a material weakness in internal control over financial reporting – the District could not supply documentation to verify that vacation payments were actually due to the employees. Similar to Audit Finding 2022-002, the auditors could not conclude if the District has a complete and accurate accounting of vacation balances on which to base payments upon employee separation. There is a higher risk that employee vacation is not reported, and the liability and eventual payout may be more than what was earned.

The auditor indicated that there appears to be a lack of ongoing monitoring to ensure that employees provide complete and timely responses during scheduled audit fieldwork.

The District's corrective actions as identified in the audit report include assigning responsibility to the Directors of Payroll and Budget & Finance, as well as planning to develop a revised standard operating procedure to be shared with all departments and sites which will involve monthly reconciliation. However, as this is a repeat finding (2021-004), the District will need to more fully describe the corrective processes that have been implemented to date with timelines for planned corrective processes, and provide supporting documentation for all specific actions taken to resolve the finding.

Corrective Action: *The 2022-23 Audit will be the first audit that we will be able to execute the Corrective Action Plan. The citations regarding which departments have taken responsibility for this corrective action, stand; however, we have been working with our Leaves department to ensure they are aligned with the District's operational workflow. The District requested the documents from school sites once we discovered that they were not being gathered centrally.*

From July 1, 2022 to December 31, 2022, the District was using its historical paper based leave request form and uploading it to a module in an offline system called Payroll Docs. The District migrated to an online leave system through Frontline as of January 1, 2023. All leave was requested online through the frontline system, which will retain the employee request, supervisor authorization, and posting in our leave system. The District is confident that it has the backup documentation for each leave transaction that will be available to the auditors.

In Progress



Audit Finding Corrective Action

District: Oakland Unified School District

Fiscal Year: 2021-22

Finding Category: 30000 Internal Control – Health Benefits Governing Board

Finding #: 2022-004

This is a repeat finding from prior years (finding #: 2021-005 in 2020-21 and 2020-005 in 2019-20). In October 2015, the District entered into an agreement with its employee unions setting up a coordinated bargaining process for health and welfare benefits to be conducted through a Health Benefits Governance -Board (HBGB). The intention of the agreement is to provide stability and help manage benefits costs. The HBGB consists of representatives of each signatory union and the District.

In the auditor's opinion, the agreement contains a formula for calculating the District's portion of health and welfare benefit costs that is unclear and has been interpreted differently with varying outcomes. The auditor recommends the District revise and clarify the formula used to calculate the District's annual obligation for health and welfare. The formula should be subject to independent recalculation to ensure that its results are consistent with its intent.

Since this is a repeat finding, please provide an update regarding any renegotiation efforts and any clarifications regarding the critical formulas. Also, please provide us with an estimate of the fiscal impact to the District for the 2022-23 fiscal year as well as any reserved funds to address the District's obligation.

OUSD Response: Please see the following [Backup 2021-2022-004 Folder](#) verifying the negotiations progress via a PERB mediator, with a current, unpublished, and confidential counter offer on the table from HBGB to OUSD and the coinciding analysis and preparatory planning of how to operationalize this proposal in light of it's unique, yet more streamlined calculation factors as compared to the previous agreement. The District would also not have a reserve

Corrective Action: 3/8/2023 Update: The District has made progress in modifying the agreement for its benefit calculation with HBGB through the mediation process. The agreement is not finalized, but it is anticipated that it will be in effect for the 2023-24 or no later than 2024-25 fiscal year.



Audit Finding Corrective Action

District: Oakland Unified School District
Fiscal Year: 2021-22
Finding Category: 30000 Internal Control – Audit Adjustments
Finding #: 2022-005

This is a repeat finding from prior years (finding #: 2021-006 in 2020-21 and 2020-006 in 2019-20). Audit adjustments were necessary for the financial statements to be presented in accordance with GAAP. This has been identified as a material weakness in internal control over financial reporting by the auditors because the GASB Statement No. 31 fair value adjustment was not reviewed by someone independent of the preparer.

The auditor recommends that personnel responsible for the year-end closing process utilize a template to calculate the year-end fair value adjustment, and that the resulting calculation is reviewed by someone independent of the preparer before posting.

Since this is a repeat finding, please provide specific details regarding the procedures the District has implemented to review year-end audit adjustments, including which positions are responsible for preparing and reviewing the entries.

Corrective Action: The District has procedures and tools in place at year-end to review for audit adjustments and will ensure that the procedures are completed.

The District has revised its procedures to include data from The Alameda County Tax Collector's Investment Report at year end. This data will be used to calculate the fair market value of investments.



Audit Finding Corrective Action

District: Oakland Unified School District

Fiscal Year: 2021-22

Finding Category: 50000 Federal Compliance – Twenty-First Century Attendance Reporting

Finding #: 2022-006

This is a repeat finding from prior years (finding #: 2021-007 in 2020-21 and 2020-010 in 2019-20). The auditor identified a material weakness in internal control due to the errors in the attendance reported to the CDE for the California 21st Century Community Learning Centers program. The observed error rates were 6.9%, 1.2%, and 10.9% at three of the District's ten participating schools.

While we acknowledge that the District has transitioned to a new attendance accounting system in response to the prior audit finding and has provided training to staff as outlined in the District's corrective action plan noted in the audit report, this is a repeat finding. Please provide our office with a copy of the procedures developed and documentation that trainings will continue to be conducted (i.e. training dates, names of individuals who will be provided training, and the training materials to be covered).

OUSD Response: Please see the following [Folder for Finding 2021-2022-006](#) with documentation with associated training and implementation previously projected to be completed by June 2023. The District looks forward to the audit review for 2022-23 with significant improvements and/or elimination of this finding.

Corrective Action: OUSD has implemented a new Expanded Learning Attendance improved tracking system and provided training to service providers.

This new database allows for accurate and prompt attendance taking.

1. OUSD transitioned to a new attendance tracking system. Due to the multiple errors and consistent changes in attendance, OUSD began using Aeries Supplemental Attendance tracking instead of CitySpan in fall 2021. This transition has allowed the Expanded Learning Office to support struggling sites with real-time accurate attendance data.
2. On July 29, OUSD held a mandatory Aeries training for all after-school staff and reviewed all CDE (ASES, 21st CCLC, and ASSETS) attendance requirements. Over 100 after-school staff attended.
3. All Attendance documents were revised to include Aeries attendance protocols.
4. OUSD Designed dashboards with real-time student and attendance data for all after-school providers



Audit Finding Corrective Action

District: Oakland Unified School District

Fiscal Year: 2021-22

Finding Category: 40000 State Compliance, and 72000 - School Accountability Report Card

Finding #: 2022-007

This is a repeat finding from prior years (finding #: 2021-010 in 2020-21 and 2020-013 in 2019-20). EDC §35186(d) requires that a school district report summarized data on the nature and resolution of all complaints on a quarterly basis to the county superintendent of schools and to the governing board of the school district at a regularly scheduled board meeting. The District did not provide the auditors with the quarterly summaries as described.

Because this is a repeat finding, please provide our office with the updated policies/procedures to ensure that school report cards and quarterly Williams complaint summaries comply with State law. In addition, please provide the name(s) of the responsible individuals appointed to be accountable for compliance in this area, as recommended by the auditors.

Because this audit exception is regarding state compliance, the California Department of Education may request a written response to this finding. Please provide our office with a copy of that response for our records.

Corrective Action: *Describe below the specific corrective action used in resolving the audit finding. Provide all documentation which supports the specific actions, i.e. copies of amended reports, corrective action plans, written procedures, etc.*

The District is continuing its work to build out the complex data reporting mechanism to allow for continued compliance with Teacher Certification Misassignments. There is additional work to be done, and we anticipate more significant operational improvements in 2023-24.



Audit Finding Corrective Action

District: Oakland Unified School District

Fiscal Year: 2021-22

Finding Category: 40000 State Compliance, and 72000 – Independent Study

Finding #: 2022-008

The District must maintain certain written agreements required by the State for pupils enrolled in an independent study program and make the contracts available to auditors during the annual State compliance audit. The District did not provide the auditors with all of the written agreements requested during the audit fieldwork.

As a result, one unit of inappropriately reported ADA in grades 9-12 for a questioned cost of \$13,011 was identified through the audit procedure.

Please provide our office with a copy of the policies and procedures the District is using or will be implementing to ensure that independent study agreements are maintained as required. In addition, please provide proof that trainings were or will be conducted (i.e. training dates, names of individuals that participated or will participate, and the training material provided).

The California Department of Education (CDE) is likely to request a written response to this finding. Please provide our office with a copy of that response for our records, which will also suffice for the corrective action response required from ACOE.

Please work with ACOE's District Business Services (DBS) team to make the proper audit adjustment to data in the PADC system, if required.

Corrective Action: Sojourner Truth has a new process in place that requires parents and potential students to review & complete the Independent Study Master Agreement and participate in an orientation, prior to students being provided a schedule of classes. This process was not in place in the beginning of the 2021-22 school year, but is in place for the 2022-23 school year and going forward.

The Pre-Attendance Audit Checklists are used to prepare for attendance audits. This process is to ensure that necessary attendance documents required for audit are available, documents align to attendance accounting data and that documents are organized.



Audit Finding Corrective Action

District: Oakland Unified School District

Fiscal Year: 2021-22

Finding Category: 40000 State Compliance, and 72000 – ASES Early Release

Finding #: 2022-009

Per the State compliance audit guide: “If a pupil in any sample attended less than the full day, verify the reason for early release was consistent with the established early release policy.” The District’s procedure is to document the reason for the early release with a code corresponding to a permissible basis per the District’s established policy. However, the auditor identified four ASES sites out of ten sampled that did not use early-release codes.

As a result, the attendance records may not capture all information expected by the District’s policy to demonstrate compliance.

Please provide our office with a copy of the procedures the District is using or will be implementing to ensure that early-release information is recorded accurately and in accordance with the District’s policy. In addition, please provide proof that trainings were or will be conducted (i.e. training dates, names of individuals that participated or will participate, and the training material provided).

Because this audit exception is regarding state compliance, the California Department of Education may request a written response to this finding. Please provide our office with a copy of that response for our records.

Corrective Action: The Expanded Learning Office, hosts an Attendance Compliance training during the Expanded Learning August Institute. During this training participants are provided with information on CDE attendance requirements, early release policy, attendance tracking protocols, step-by-step instructions on how to track attendance and resources for additional support. All expanded learning staff are required to attend the training. In addition to the August attendance training, the Expanded Learning has conducted semi-monthly compliance meetings with all site coordinators and community based organizations agency directors to reinforce grant compliance requirements and review challenges that have been identified through onsite visits.

In the fall of 2023, The Expanded Learning Office will launch an online training module that will provide site coordinators and program staff with video tutorials on attendance tracking, early release policy, and grant compliance requirements.

Resources Provided to Expanded Learning Programs

- [Early Release Policy](#) Definitions
- [Aeries Attendance Tracking](#) Protocol



Audit Finding Corrective Action

District: Oakland Unified School District

Fiscal Year: 2021-22

Finding Category: 40000 State Compliance, and 72000 – ASES Attendance Reporting

Finding #: 2022-010

The District evidences student participation in the after-school program by reporting attendance to the CDE. The daily attendance is recorded for all students attending the program on each school day the program operates. However, the auditor identified a difference of 166 student days reported to the CDE from one of the ten ASES sites sampled. As a result, errors may exist in the after-school attendance reported to the CDE.

We acknowledge that the District has transitioned to a new attendance accounting system for the after-school program, and has provided training to staff as outlined in the District's corrective action plan noted in the audit report. Please provide our office with a copy of the procedures developed and documentation that trainings will continue to be conducted (i.e. training dates, names of individuals who will be provided training, and the training materials to be covered).

Because this audit exception is regarding state compliance, the California Department of Education may request a written response to this finding. Please provide our office with a copy of that response for our records.

Corrective Action: The Expanded Learning Office, hosts an Attendance Compliance training during the Expanded Learning August Institute. During this training participants are provided with information on CDE attendance requirements, early release policy, attendance tracking protocols, step-by-step instructions on how to track attendance and resources for additional support. All expanded learning staff are required to attend the training. In addition to the August attendance training, the Expanded Learning has conducted semi-monthly compliance meetings with all site coordinators and community based organizations agency directors to reinforce grant compliance requirements and review challenges that have been identified through onsite visits.

In the Fall of 2023, The Expanded Learning Office will launch an online training module that will provide site coordinators and program staff with video tutorials on attendance tracking in Aeries, early release policy, and grant compliance requirements.

Resources Provided to Expanded Learning Programs

- [Early Release Policy](#) Definitions
- [Aeries Attendance Tracking](#) Protocol



Audit Finding Corrective Action

District: Oakland Unified School District

Fiscal Year: 2021-22

Finding Category: 40000 State Compliance, and 72000 – Immunizations

Finding #: 2022-011

The audit guide requires the auditor to verify if the District has specific information on file regarding immunization records of pupils attending public school. However, the District could not provide the auditor all the information necessary to establish full compliance.

As a result, the District may not be in full compliance with all immunization compliance requirements, resulting in questioned costs of \$46,236, the derived value of four ADA for grades TK-3.

Please provide our office with a copy of the procedures developed to address this finding and documentation that staff training has been or will be conducted (i.e. training dates, names of individuals who will be provided training, and the training materials to be covered).

The California Department of Education (CDE) is likely to request a written response to this finding. Please provide our office with a copy of that response for our records, which will also suffice for the corrective action response required from ACOE.

Please work with ACOE's District Business Services (DBS) team to make the proper audit adjustment to data in the PADDC system, if required.

Corrective Action: The District has policies and procedures for managing immunization compliance and will continue to train staff to carry out the established procedures. Generally:

1. When a student is registering/enrolling then parents are to provide immunization records which are reviewed by clerical staff before inputting data into Aeries and archiving the supporting documents into the student's CUM folder.
2. Students that have an IEP, special education, are exempt and allowed to attend school if immunization records are not available.
3. For new students not yet enrolled, if they are missing immunization records then students are issued a letter detailing the immunization requirements and are not allowed to start attending school.
4. For current students who are already attending school but are not meeting the immunization requirement then families are issued a letter but are allowed to attend schools for up to 10 days (grace period). If after 10 days the immunization records are still missing then students are issued a second letter and are informed that they are not to attend schools.

For state reporting, Health Services (Program Manager) runs the District-wide immunization report from Aeries which details immunization status for students.

Procedures/Responsibilities of the District for each School Site:

1. Clerical Staff:
 - a. Clerical staff receive annual training regarding the immunization process (K-12 Immunization Requirements, data entry and running of missing immunization report in Aeries, monitoring of conditional enrollment, exclusion process, and resources of vaccination clinics).
 - b. Clerical staff have access to CAIR (California Immunization Registry) to access student immunization records.
 - c. Clerical staff are to run the Missing Immunization report from Aeries to determine the status of student's immunization and where immunization requirements haven't been met then clerical staff are to issue a letter to the student's families informing them of the immunization requirements in order to attend school. Clerical staff works with families to ensure immunization requirements are met.
1. School Principal and Nurse:
 - a. Immunization requirement letters are to be signed by the Principal and Nurse then updated in Aeries.
 - b. Enforce immunization requirements. Students that have not met the immunization requirements are still showing up for school. The district will develop a clear procedure at the school site to stop students from attending school when they have not met immunization requirements (and have been notified that they did not meet the immunization requirements to attend school.)

Responsibilities of the Health Services Repo Immunization Department

1. The Health Services Program Manager communicates with sites for/during audits for TK, Kindergarten, 1st grade, 6th grade and 7th grade. For other grades, the process noted above should be followed.
2. Reviews the Immunization District-wide report and reports to the state.
3. The District will review and monitor the training program, attendance, and test for periodic review during the year to ensure compliance.