

FY20-21 Audit Findings

Financial Statement Findings

Audit Finding 2021-001 Financial Statement Presentation of Student Activity Funds

Code 30000

Criteria

As a school district and custodian of associated student body funds, the District has a responsibility to ensure the safeguarding and accounting of those funds.

Condition

A significant deficiency in internal control over financial reporting - The District cannot provide documented evidence that all student body activity is captured within its accounting records. Furthermore, the District is developing the controls to ensure that student activity funds are expended for allowable activities and accordingly were not auditable for the year ended June 30, 2021.

Questioned costs

Not applicable.

Context

Cash held on behalf of students varies depending on the size of the student body at each of the respective schools. The District operated 48 K-5 elementary schools, 5 K-8 elementary schools, one grade 4-5 elementary schools, 14 middle schools, three grades 6-12 schools, eight grades 9-12 high schools, 11 alternative schools, and 28 early childhood education centers. Management of the District has obtained support for \$786 thousand of student activity funds deposited in District-controlled accounts.

Effect

The District is continuing the development of its internal control process over the student activity funds.

Cause

The District has not completed implementing the procedures to accumulate the data necessary to support all audit steps fully.

Identification as a Repeat Finding

See finding 2020-001.

Recommendation

The District should continue implementing a corrective action that started during the fiscal year 2021. We recommend the District formally document how it concluded that all student body funds were recorded into the District's accounting records. Additionally, the District should adopt the procedures contained in the FCMAT ASB manual regarding custody and oversight of the student body funds.

Views of Responsible Officials/Corrective Action Plan

The District has adopted the procedures contained in the FCMAT ASB manual regarding custody and oversight of student body funds.

Update as of 5/20/2022

The District has accounted for all bank accounts at our school site as reported by school principals and/or treasurers. The District has provided training to ASB staff for both the use of ASB accounting software ASBWorks as well as FCMAT ASB management procedures. ASB Works has been fully implemented and is being used by sites. There were 11 attendees for the ASB training session held on September 15th, 2021. Bank reconciliation for FY 2021-22 has been completed through December 2021 for 14 accounts and are available for the FY2021-22 interim audit which began in May of 2022. The June 30th, 2022 reconciliation for all 14 accounts will be available for audit which will begin in October of 2022. The District has also reviewed the findings with its Audit Oversight Committee and Budget and Finance Committee which is made up of stakeholders and board members, to educate on the causes for the findings and what corrective action is required.

INTEROFFICE MEMORANDUM

TO: OUSD SCHOOL ADMINISTRATORS AND ASB BOOKKEEPERS
FROM: OUSD BUSINESS SERVICES OFFICE
SUBJECT: ASBWORKS HANDS-ON TRAINING
TRAINING DATE: 09/15/2021
TRAINING TIME: 9:00AM-11:30AM AND/OR 1:00PM-3:30PM

The purpose of this memo is to address the ASBWorks hands-on training scheduled on September 15. **The person responsible for the data entry of ASB accounting into ASBWorks is required to attend.** School Administrators and ASB advisors are strongly encouraged to attend. **Site attendance will be taken and shared with constituents.** Refer to the email sent on 7/12/21 titled "Memo: Schools to Start Utilizing ASBWorks Software in School Year 2021-22"

The workshop will be held via Zoom. There are two (2) options to choose from. Attend one, or both for greater understanding.

Date & Times: **Wed 9/15/21, 9 a.m. – 11:30 a.m. and/or 1:00 p.m. – 3:30 p.m.** Attend one or both for greater understanding.

Required documents for the workshop:

- July & August Bank Statements
- All transactions up to day of training: checks, receipts, deposits
 - Check Register or list of checks written with all details – payee, date, amount, why check was written
 - Receipt Record or a list of all cash and or checks received with all details – from whom, for what, intent of use
 - Deposit Record – a listing of all deposits with date submitted to the bank with detail of the receipts that make up the deposit.

Please try signing into ASBWorks today to verify your access. If you have no access or can't log in, please email Eve Vuillemainroy immediately so access can be set up prior to the training.

Audit Finding 2021-002 Human Resources/Payroll Internal Control Process, Pension

Code 30000

Criteria

Pension and medical benefit providers invoice the District based on demographic information such as age and hire date of enrolled employees. The District is responsible for ensuring the completeness and accuracy of the information reported to the benefit providers and ensuring that such information is available to support an audit.

Condition

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.

Context

Expenditures for wages and benefits of \$492.7 million are approximately 78% of general fund expenditures. The condition applies to 59 items from our total sample of 80.

Effect

Internal controls are essential so that users of the financial statements have confidence that financial information published by the District's management is complete and accurate. There is a higher than average risk that payments to pension providers could be for incorrect amounts.

Cause

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.

Identification as a Repeat Finding

See finding 2020-002.

Recommendation

The District should ensure that management in charge of these areas is 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 per District policies.

Views of Responsible Officials and Planned Corrective Actions

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. The methodology was to access employee pension setup in the CalSTRS and CalPERS system directly. The preferred methodology and corrective action plan includes 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.

Upon completion by the employee, this form is 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, 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.

In response to the 2019-20 Audit, the District was in a position of not responding/being clear on how to respond to this finding. The District has made significant strides for improvement in 2020-21 as stated in the prior year as we now have responded and have developed the corrective action with more internal procedures and precision. The District is confident that this finding will be resolved for the 2021-22.

Audit Finding 2021-003 Payroll Internal Control Process, Vacation Tracking

Code 30000

Criteria

Internal controls are essential so that users of the financial statements have confidence that financial information published by the District's management is complete and accurate. The District is responsible for providing documentation to support the amounts recorded in the general ledger accounting records.

The centralized payroll department records the usage of vacation hours in the payroll system based on paper time cards prepared at the site where the employee works. The payroll department calculates the accrued vacation owed to an employee upon separation from the WeDistrict.

Condition

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.

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.

Context

Expenditures for wages and benefits of \$492.7 million are approximately 78% of general fund expenditures. Vacation payouts during the year were \$7 million of the \$14 million total estimated accrued vacation liability.

Effect

Although the accounting records reflect actual expense paid, there is a higher risk that employee vacation is not reported, and the liability and eventual payout may be more than what was earned.

Cause

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. Furthermore, adequate internal controls are an overall District responsibility requiring interdepartmental communication to be successful.

Identification as a Repeat Finding

See finding 2020-003.

Recommendation

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.

Views of Responsible Officials and Planned Corrective Actions

In the District's response to its prior year finding, the District had an inability to validate compensation records and transactions to include leave taken, reported, and recorded as another key area of focus and the appropriate assignments to lead this project has been done. The District was successful in hiring a Directors of Payroll and Budget and Finance, and the latter position was filled briefly and the final recruitment process for a Chief Financial Officer, which was the 2022-23 leadership plan for the Budget and Finance Director. This is imperative to note as the revised standard operating procedure below will require to share the leadership teams in business services to train and develop all departments and sites to ensure that leave procedures are understood and followed, which includes monthly reconciliation and audit review. The District is migrating to an electronic leave request and reporting system in Frontline System designed to capture the information more accurately and to eliminate the paper process which is a large causal to this finding.

The Payroll Department has now developed a plan that includes the remittance of the physical employee time reports that summarize leave taken and the leave forms requested and signed by the employee (or submitted on their behalf in their absence) to the Payroll office on a quarterly basis to assure accuracy of time inputted at the site/department level. In addition, we have required the last two Fiscal years (2020-21 and 2021-22) of these reports and forms which will be scanned and available not only for the District's retention and internal audit purposes, but also available to our external Auditors in response to their requests.

We will continue collecting the actual forms for scanning until Frontline is fully implemented for employee level entry of leaves in an electronic format which allows ease and the ability to track fluidly. Implementation is slated for Jan 2023.

Finding 2021-004 Payroll Internal Control Process, Vacation Payments

Code 30000

Criteria

Internal controls are essential so that users of the financial statements have confidence that financial information published by the District's management is complete and accurate. The District is responsible for providing documentation to support the amounts recorded in the general ledger accounting records.

The centralized payroll department records the usage of vacation hours in the payroll system based on paper time cards prepared at the site where the employee works. The payroll department calculates the accrued vacation owed to an employee upon separation from the District.

Condition

A material weakness in internal control over financial reporting – The District was able to pay \$7 million to employees for vacation accumulated; however, it is unable to assert that the amounts paid were actually due to the employees.

Context

Expenditures for wages and benefits of \$492.7 million are approximately 78% of general fund expenditures. Vacation payouts during the year were \$7 million of the \$14 million total estimated accrued vacation liability.

Effect

We could not conclude if payouts of an accrued vacation made to employees during the year were for amounts owed to the employees who received the payments.

Cause

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. Furthermore, adequate internal controls are an overall District responsibility requiring interdepartmental communication to be successful.

Identification as a Repeat Finding

This is not reported as a prior year audit finding.

Recommendation

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.

Views of Responsible Officials and Planned Corrective Actions

The corrective action for finding 2021-004 is the same for 2021-003.

One key factor in the process of auditing the leave is the documentation required to confirm the net difference in leave taken, in addition to what contractual or employee agreements state how leave is granted. The former is where the District's documentation gap was primarily focused and the corrective action will address and resolve. The District also notes that some of these practices were changed during/after the implementation into a new Business System; thus, the change in practice has occurred and impacted the District's internal controls since 2017-18.

In the District's response to its prior year finding, the District had an inability to validate compensation records and transactions to include leave taken, reported, and recorded as another key area of focus and the appropriate assignments to lead this project has been done. The District was successful in hiring a Directors of Payroll and Budget and Finance, and the latter position was filled briefly and the final recruitment process for a Chief Financial Officer, which was the 2022-23 leadership plan for the Budget and Finance Director. This is imperative to note as the revised standard operating procedure below will require to share the leadership teams in business services to train and develop all departments and sites to ensure that leave procedures are understood and followed, which includes monthly reconciliation and audit review. The District is migrating to an electronic leave request and reporting system in Frontline System designed to capture the information more accurately and to eliminate the paper process which is a large causal to this finding.

The Payroll Department has now developed a plan that includes the remittance of the physical employee time reports that summarize leave taken and the leave forms requested and signed by the employee (or submitted on their behalf in their absence) to the Payroll office on a quarterly basis to assure accuracy of time inputted at the site/department level. In addition, we have required the last two Fiscal years (2020-21 and 2021-22) of these reports and forms which will be scanned and available not only for the District's retention and internal audit purposes, but also available to our external Auditors in response to their requests.

We will continue collecting the actual forms for scanning until Frontline is fully implemented for employee level entry of leaves in an electronic format which allows ease and the ability to track fluidly. Implementation is slated for Jan 2023.

Audit Finding 2021-005 Health Benefits Governing Board

Code 30000

Criteria

In October 2015, the District agreed with its employee unions to set up a coordinated bargaining process for health and welfare benefits through a Health Benefits Governance Board (HBGB). The agreement intends to provide stability and help manage benefits costs. The HBGB consists of representatives of each signatory union and the District.

Section IV of the agreement defines a formula to annually calculate the District's responsibility to fund health and welfare benefits. If the District's financial obligations, as calculated per the HBGB formula, exceed the actual costs of benefits, such excess contributions become restricted to offset future health and welfare costs.

Conversely, if real benefits costs are higher than the District's financial obligations per the HBGB formula, those costs first are paid from HBGB restricted resources and then are obligations of the signatory unions. In other words, the District's obligations to fund health and welfare costs are determined by the HBGB formula.

Condition

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.

The position control report (PCR) is not reliable for calculating a financial obligation. No industry regulatory standard specifies the form and content of the report; it will fluctuate depending on parameters entered into the District's ERP system when generated. Furthermore, unlike after-the-fact accounting records that we can audit, the PCR is a budget document not subject to audit or other defined benchmarks to measure completeness and accuracy.

Furthermore, the phrase "authorized FTE" seems to include employees not receiving health and welfare benefits and positions classified as "open" in the PCR but with no actual funding source. It is not clear how to adjust the PCR for purposes of the HBGB calculation.

As a result of the above, a strict application of the HBGB formula results in the District paying health and welfare benefits for positions that do not exist and position not eligible for medical uses such as part-time or temporary employees. The signers probably did not intend this to the agreement, which likely presumed that the formula was a straight mathematical calculation.

Context

Health and welfare expenditures were \$62 million in the General Fund for the year ending June 30, 2021.

The financial statements correctly reflect the health and welfare benefits expenditures per accounting standards applicable to governmental entities. Specifically, concerning the general fund, which reports accounting activity on the modified accrual basis of accounting, all health and welfare expenditures are correctly reported.

The impact on the District's financial statements - when HBGB contribution becomes determinable - will vary if the actual contribution is more significant than, or less than, the HBGB calculated contribution requirement.

If the actual payments for health and welfare benefits are less than the District's required contribution per the HBGB formula, the effect to the general fund would be to restrict a portion of its ending equity for future general fund health and welfare obligations. There is no impact on expenditures.

If the actual payments for health and welfare benefits are more significant than the District's required contribution per the HBGB formula, the effect to the general fund would be recognition of a receivable and an increase in ending fund balance.

Effect

The financial statement impact of the "HBGB" on the District's financial position is not objectively determinable as of June 30, 2021.

Cause

The HBGB formula was not subject to third-party testing. The formula to calculate the District's obligations to fund the HBGB is unclear and has been interpreted differently.

Identification as a Repeat Finding

See finding 2020-005.

Recommendation

We recommend the District renegotiate the agreement concerning 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.

Views of Responsible Officials and Planned Corrective Actions

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. The District has moved forward with its negotiations, did reach a level of impasse that led the parties to mediation through PERB, which has been placed on hold until the Fall of the 2022-23 school year.

2021-006 Audit Adjustments

Code 30000

Criteria

Management of the District must account for all transactions per generally accepted accounting principles.

Condition

A material weakness in internal control over financial reporting – Audit adjustments was necessary for the financial statements to be presented to conform with generally accepted accounting principles.

Context

The following is a summary of the adjustments that were necessary for the accounting records to be presented per governmental accounting standards:

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Funds	Self-Insurance Fund
Fund balance/net position, unadjusted	\$ 113,364,168	\$ 27,461,890	\$ 74,351,172	\$ 114,563,540	\$ 28,228,758	\$ -
Audit adjustments were necessary for the following items						
GASB 31 required adjustment to the fair value of investments	956,951	190,243	631,021	959,908	229,107	193,287
Debt service payments were posted to the incorrect fiscal year	4,727,293	-	-	-	-	-
Recognize short-term borrowings that were unrecorded	(15,590,000)	-	-	-	-	-
Recognize cash held by the TRANS trustee that was not recorded	15,590,000	-	-	-	-	-
Accounts payable were overstated	4,567,083	-	-	-	-	-
Accounts receivable were overstated	(4,567,083)	-	-	-	-	-
Claims liability as of July 1, 2020	-	-	-	-	-	(42,601,756)
Net pension liability and deferrals as of July 1, 2020	-	-	-	-	-	(2,359,754)
Fund balance/net position, per audited financial statements	\$ 119,048,412	\$ 27,652,133	\$ 74,982,193	\$ 115,523,448	\$ 28,457,865	\$ (44,768,223)

Effect

Audit adjustments were necessary for the financial statements to be presented per GAAP. Furthermore, there is a higher than usual risk that other errors may exist that were not detected by our audit procedures.

Cause

Management personnel responsible for financial accounting and reporting did not consider all applicable accounting standards for governmental entities.

Identification as a Repeat Finding

See finding 2020-006

Recommendation

Management personnel responsible for financial accounting and reporting should seek continuing professional education regarding accounting standards applicable to governmental entities.

Views of Responsible Officials and Planned Corrective Actions

Update as of 5/20/22

The District has improved and continues to provide the Professional Development for its senior business leadership team to be more knowledgeable and comfortable with GASB and GAAP provisions and requirements to more timely and accurately make audit adjustments without the notice from the external auditor. In the 2021-22 year, additional internal controls have been implemented to ensure that GASB 32, GASB 72 and Procedure 425 are fully implemented.

2021-007 Twenty-First Century Attendance Reporting

A material weakness in internal control about attendance reporting Code 50000.

Federal Program Affected U.S. Department of Agriculture, California Department of Education: Twenty-First Century Community Learning Centers, 84.287.

Criteria

The California Department of Education (CDE) administers California's 21st Century Community Learning Centers (CCLC) program. Education Code sections 8484.7 - 8484.9 further define California's 21st CCLC Program. This state-administered, federally funded program provides five-year grant funding to establish or expand before and after school programs that provide disadvantaged kindergarten through twelfth-grade students with academic enrichment opportunities and supportive services to help the students meet state and local standards in core content areas.

The District evidences student participation by reporting attendance to the CDE. The daily attendance shall be recorded for all the students attending the after-school program on each school day the program operates.

Condition

There was a material weakness in internal control over compliance because attendance reported to the CDE was incorrect.

Questioned Costs

Not applicable.

Context

The District operates a 21 Century Program at over 60 schools. We selected a sample of five schools, and the condition applies to one of the sampled schools. For that school, the District's monthly records support 27,595 days of attendance, inclusive of ASES; however, the amount reported was 22,944, which is a difference of 4,651 or 17 percent.

Cause

After the District reported the attendance number to CDE, lead agencies could modify attendance Records without notifying the District.

Identification as a Repeat Finding

See finding 2020-010

Recommendation

Any changes to attendance records after the cut-off period should require manual override by responsible District officials.

Views of Responsible Officials/Corrective Action Plan

The State and Federal Compliance Department will develop procedures to ensure compliance with federal grants. These trainings will include the appropriate method to report, retain, and validate attendance timely.

Update as of 5/20/2022

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 29th, 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.

× Mandatory Training AERIES (Attendance Manager) Save More actions ▾

Jul 29, 2021 10:00am to 11:30am Jul 29, 2021 (GMT-08:00) Pacific Time - Los Angeles Time zone

All day Every 2 weeks on Thursday ▾

Event Details Find a Time

Zoom Meeting ×

Join Zoom Meeting
ID: 82978584998
Passcode: 82jTqfL

(US) +1 646-558-8656
Passcode: 62855854

Joining instructions

1000 Broadway, Oakland, CA 94607, USA

Add notification

Expanded Learning Professional Development and Meeting Calendar ▾ ● ▾

Busy ▾ Default visibility ▾ ⓘ

Availability might be shown in other Google apps ⓘ

Create meeting notes

[Agenda](#)

Guests Rooms

Add guests

113 guests
66 yes, 4 no, 1 maybe, 42 awaiting

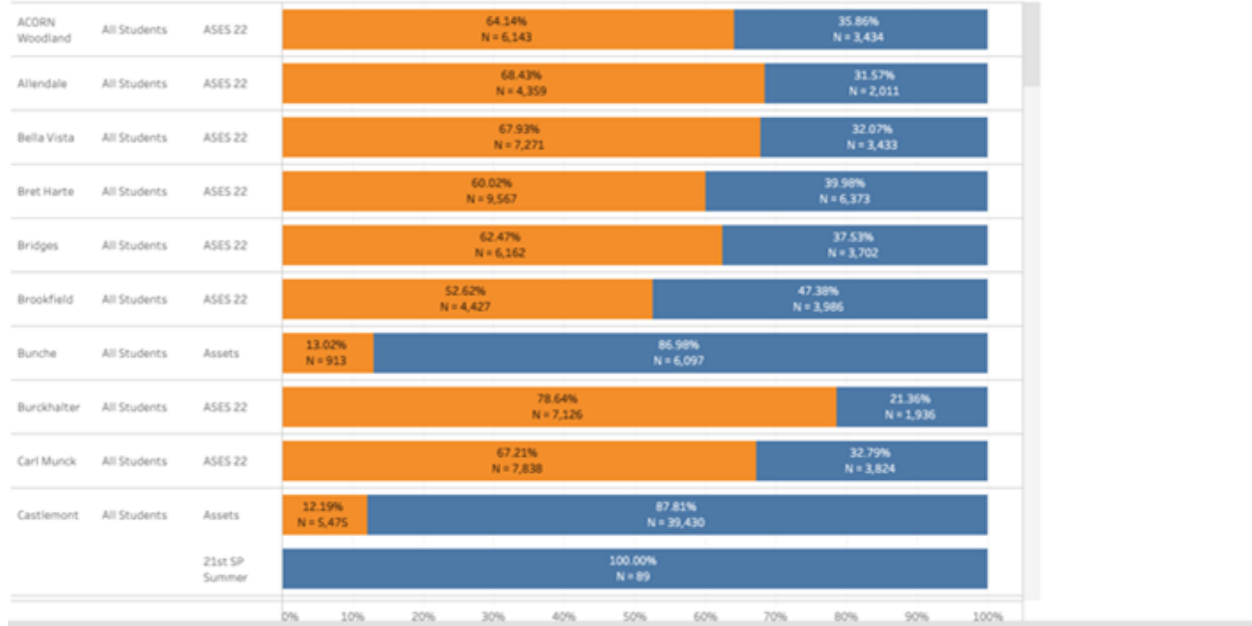
- alana.reyna@oaklandleaf.org *
- Alejandra Astorga *
- Angela Phung *
- Angelia Thomas *
- Armando Garcia *
- castrejon@hi4youth.org *
- CHEN KONG-WICK
- Christina Green *
- daisy@ebayc.org *
- Daniel Wayne Lugo *
- Danielle Armstrong Skyline Site Coordin... *
- Darlene Kato
- Daryna Loch
- Deja Croft *
- Deanna Grant *

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 (Please see below):

Snapshot - Reporting (Limited Access)

Data As of: 2/28/2022

View by Network, School, or Pathway: | Network, School, or Pathway: | View by Group: | Group: | SE: | Month, Year of DT:



State Compliance Findings

Audit Finding 2021-008 Attendance Recording

Code 10000, 40000

Criteria

EDC §41601 requires reporting of average daily attendance (ADA) to the California Department of Education, which is the basis of state funding, and for other compliance reasons.

Condition

If not for audit adjustments, reported attendance, and by extension, state funding that is based on ADA would have been overstated.

Aeries defaults students as present unless specially marked absent by the classroom teacher. The District's internal control process requires site clerks to verify that a "single period" attendance is correct. We identified instances where the verification occurred, but the necessary revisions to the Aeries attendance records did not happen.

Furthermore, various designations are used to record when students are absent because of, for example, illness, vacation, field trip, unexcused. We identified instances where students were counted as "present" when multiple absence codes were used on a single day.

Questioned Costs

No questioned costs are associated with this finding because the matter was corrected before the 2020 P-2 reporting period.

Context

This is a carryover finding from 2020 due to a temporary carryover of ADA from 2020. The total regular ADA at P-2 was 33 thousand. A change of one ADA has approximately a \$10,800 effect on the unrestricted general fund.

Effect

Although this was identified and corrected early in the year 2020, there is a higher than normal risk to the District that ADA projections and reported ADA is incorrect. Furthermore, there is a higher than average risk that attendance reported on P-2 could be overstated.

The District has official policies and procedures to identify and correct these errors. However, there is no specific person responsible for implementing the corrections within the attendance accounting system. We recommend that the District appoint a particular person responsible for implementing and enforcing the policies.

Furthermore, we found instances where the "single period forms" were completed, but necessary updates were not entered into Aeries, and there must be an emphasis on that follow

through. Management should monitor secondary sites to ensure they are completing the "single period attendance reports" weekly.

The issue of mixed attendance codes is a system-level issue that should be addressed in cooperation with the District's IT department personnel responsible for Aeries.

Identification as a Repeat Finding

See finding 2020-012

Views of Responsible Officials/Corrective Action Plan

The attendance taking process has improved substantially over the past few years as we make progress on past audit findings. We will continue to revise our attendance taking policies and procedures as issues are identified.

The district has increased its training, internal auditing, and monitoring to improve the single attendance process.

- Weekly Attendance Q & A's and coaching sessions are held throughout the year for attendance specialists to provide real time coaching, support and direct guidance.
- The Coordinator of Systems and Operations conducts small group training sessions to review specific processes and provide intensive training when assessed that training needed.
- Secondary site specialists attend required sessions for the Single Period Verification process to ensure that the forms are being provided to teachers routinely and the data is being input in Aeries.
- The Single Period Verification Process is being monitored and audited on a monthly basis.
- Mixed absence codes are updated on a monthly basis by I.T.

Audit Finding 2021-009 Teacher Certification and Misassignments

Code 10000, 4000

Criteria

The 2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, (Audit Guide) requires us to verify whether sampled teachers were assigned to teach in a position consistent with the authorization of their certification or otherwise authorized by law pursuant to (1) a governing board resolution in conformance with subdivision (b) of Education Code section 44256, 44258.2, 44258.3, or 44263 or (2) the approval of a committee on assignments pursuant to subdivision (c) or (d) of Education Code section 44258.7.

Condition

From a sample of 100, we identified two possible instances of noncompliance. One sample was identified with an attempted transfer out of state credential but not valid currently, and the last sample was identified showing no credential.

Questioned Costs

Not applicable

Context

We identified two instances from a sample of 100.

Effect

We could not conclude if the District complied with the Teacher Certification and Misassignments Compliance requirements per the LEA Audit Guide.

Cause and Recommendation

We recommend the District evaluate processes in this area about compliance.

Identification as a Repeat Finding

This was not reported as a prior year finding.

Views of Responsible Officials/Corrective Action Plan

The District historically, as identified in previous findings related to the School Accountability Report Card and request for Williams Reports to evaluate if the District has had complaints regarding teacher misassignments, did not provide any or adequate information for the auditor to utilize in their review. For the 2020-21 Audit request, we did provide information specific to teacher misassignment which allowed the auditors to review and develop this finding.

The District will work with the Talent Department to evaluate the impact of vacant positions and appropriate credentials and certification to address this matter. The District is aware and is including in this corrective action process all substitute teachers as well, especially due to the instances of long term substitutes. The District is building a more robust report to identify not only the annual assignment and verification of appropriate credentials, but also intermittent assignments for contracted and substitute teachers. Additionally, the District has added a position to this department that should help support the submission of Williams and other compliance reports.

Audit Finding 2021-010 School Accountability Report Card

Code 40000, 72000

Criteria

EDC §35186(d) requires that a school district shall report summarized data on the nature and resolution of all complaints on a quarterly basis to the county superintendent of schools and the governing board of the school district. The summaries shall be publicly reported on a quarterly basis at a regularly scheduled meeting of the governing board of the school district.

Condition

The District did not provide us with the quarterly summaries described in the criteria paragraph.

Questioned Costs

There is no questioned cost associated with this condition.

Context

The condition is not specific to any single site.

Effect

Information contained in the SARC regarding complaints related to teacher misassignments or vacancies may be incomplete or inaccurate. Furthermore, the District did not comply with the requirements noted in the Criteria paragraph.

Cause and Recommendation

We recommend that the District appoint someone to be accountable for compliance in this area.

Identification as a Repeat Finding

See finding 2020-013

Views of Responsible Officials/Corrective Action Plan

District HR/Talent office staff are developing procedures to address this finding. To that end, Talent staff will work to ensure that it is in compliance with Teacher Certification Misassignment

Compliance requirements. The District has reviewed and has highlighted the data gaps that previously impeded, to include the lack of knowledge of maintaining this information to meet the compliance and internal control standards. The report being developed is based on the previous findings to help build the District's capacity. See responses for finding 2021-009 as a correlating commitment to address this issue.