Oakland Unified School District

Board of Education
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Meeting Minutes Long - Final

Monday, April 4, 2016

6:00 PM

KDOL TV Studio, B-237, Met West High School Entrance, 314 East 10th Street, Oakland, CA 94606-2291

Audit Committee

Dan Lindheim, Chair
Gregory Redmond, Vice Chair
Beverly Hansen, Secretary
Members: Edward Berne, Frank Tsai

A. Call to Order

Chairperson Dan Lindheim called the meeting to order at 6:08 P.M.

B. Roll Call

Present 3 - Member Edward Berne
       Secretary Beverly Hansen
       Chairperson Dan Lindheim
Absent 2 - Member Frank Tsai
       Vice Chairperson Gregory Redmond

C. Speaker Request Cards/Modification(s) To Agenda

None.

D. Adoption of Committee Minutes

16-0721 **Minutes - Audit Committee - Regular Meeting - February 1, 2016**

Approval by the Audit Committee of its Regular Meeting Minutes of February 1, 2016.

Attachments: Minutes - Audit Committee - Regular Meeting - February 1, 2016

Minutes amended to include statement by Vernon Hal that Associated Student Body Funds will be audited beginning with the District's 2016/2017 Audit.

A motion was made by Member Berne, seconded by Secretary Hansen, that the Committee Minutes be Adopted as Amended. The motion carried by the following vote.

 Aye: 3 - Member Edward Berne
      Secretary Beverly Hansen
      Chairperson Dan Lindheim
 Absent: 2 - Member Frank Tsai
      Vice Chairperson Gregory Redmond

Non-voting: 0

Enactment No: 16-0470

16-0722 **Minutes - Audit Committee - Regular Meeting - March 7, 2016**

Approval by the Audit Committee of its Regular Meeting Minutes of March 7, 2016.

Attachments: Minutes - Audit Committee - Regular Meeting - March 7, 2016

Minutes amended to include statement by Vernon Hal that Associated Student Body Funds will be audited beginning with the District's 2016/2017 Audit.

A motion was made by Member Berne, seconded by Secretary Hansen, that the Committee Minutes be Adopted as Amended. The motion carried by the following vote.

Aye:	3 -	Member Edward Berne
		Secretary Beverly Hansen
		Chairperson Dan Lindheim
Absent:	2 -	Member Frank Tsai
		Vice Chairperson Gregory Redmond
Non-voting:	0	

Enactment No: 16-0471

E.   Unfinished Business

16-0529   **District Audit - In Progress - Fiscal Year 2014-2015**

Presentation to the Audit Committee of a Report on District Audit - In Progress - Fiscal Year 2014-2015.

Staff presentation by Daniel Menyon, Controller.

Menyon reported that the Year-end Audit Committee meets weekly to receive updates from the auditors and goal setting:
1. April 15th – District would like to have all required documents to the auditor.
2. June 22nd - Auditors would like to present the 2014/2015 Audit Report to the Board at its June 22nd Board Meeting.

The auditors have completed the testing at the various school sites; currently performing the various internal controls; and on target to present the 2014/2015 Audit Report to the Board on June 22nd.

Committee Member Questions
Chairperson Lindheim asked if the District anticipates any issues besides what's already known?

Menyon said some issues still exist in attendance taking and there was a Fund 76 issue discovered afterwards.

Committee Member Hansen asked for clarification on the attendance issue.

Menyon said errors in attendance taking still exist, but not as many as in the past. As a result of the controls put into place by the District, auditors found improvements in attendance taking. One example was the mock attendance where staff would go to the school site and work with the attendance clerk.

Committe Member Hansen asked about the type(s) of errors in attendance taking.

Menyon [read from the Audit report] said "The 2014/2015 attendance testing has shown an improvement over 2013/2014. With five of the 20 schools tested with errors, the errors consisted of missing records, Kindergarten Retention Report, and Independent Study Attendance rosters.

Chairperson Lindheim reminded Committee Members that the attendance problems were discovered during the 2013/2014 fiscal year when most of the reforms were instituted at the end of fiscal year 2014. There was the expectation there would still be attendance issues.

Menyon said after receiving State approval, the attendance process now can be done electronically limiting some of the paperwork for teachers. This was one control put into

place to help prevent errors. VTD audited the online process for integrity and the District passed.

Committee Member Berne asked if teachers can go back and approve attendance after the school day ends? If so, how far back?

Menyon said he will provide an update at the next committee meeting.

Staff follow-up for the next Committee Meeting:
  *Presentation of on-line attendance procedures for teachers.

Discussed

F.   New Business

📄 **16-0718**   **Report - Procurement Department - Procedures and Controls**

Presentation by Director of Procurement or designee regarding the District's Procurement procedures and controls.

<u>Attachments:</u>   16-0718 Report - Procurement Department - Procedures and Controls
16-0718 Staff Written Response to Committee's Procurement Questions - 4/4/16

Staff presentation by Michael Moore, Operations Officer made the staff presentation highlighting the roles and responsibilities in the Procurement Department:

*The Budget Process
*Procurement & Distribution Services
*Accounts Payable
*The Knowledge Center Dashboard

The Procurement Department's staff of seven employees administer the purchasing of materials, supplies, equipment, and services to assure that the District is provided with the highest quality of goods and services in the most cost-effective way possible while achieving the appropriate balance between quality, total cost, and timeliness. The department processes over $242 million annually in purchase orders.

Roles and Responsibilities

Financial Services
Ensures sites have enough money to spend; dollars are in the right places to spend; and do not over spent their available dollars.

Procurement and Distribution
Maintains relationships with vendors; notifies vendors of request for goods or services; assigns purchase order numbers for each request; receives and tags some goods; and delivers to site.

Accounts Payable
Receives notification that goods or services have been received at the site and pays vendors based on invoices and purchase orders

Committee Member Berne asked how does the Purchasing Department determine that potential vendors are not on the Debarment List?

Moore said the Debarment List is checked when a vendor is entered into the vendor data base. Once a year the vendor data base is checked for any change in status. Also, the District's Contracts Online Module will not allow you to proceed with a Professional Services Contract until it is determined the vendor is not on the Debarment List.

When goods arrive, Accounts Payable (AP) receives notification that the goods and services have been received at the site and AP pays the vendor based on the invoice and PO.

Committee Member Questions
Committee Member Berne asked if the Procurement Department is responsible for negotiating with vendors to ensure the District is getting the best terms, conditions and price?

Moore said "yes," the department gets three bids depending on the item. In eMarketplace, the District negotiated the best prices on classroom and office supplies (other than computers and notebooks).

Services – Contracts Online – Staff inputs the information and it gets routed to the appropriate approver (depending on the funding), up to a certain level. Chiefs can approve prior to the Board Meeting and the contract goes to the Board ratification.

Chairperson Lindheim asked about the District working with the City of Oakland.

Moore said the Board passed a Resolution to increase the amount of money spent with local vendors circulating dollars back into the Oakland community. With some of the big projects, the District tries to make sure if there is not a local contractor who can win the bid, they are considered for some of the sub-contracting work.

Committee Member Berne asked if the District has a formal policy about staff accepting gifts from vendors?

Moore said "yes," nothing over $25 dollars, said he strongly encourages staff not to accept that. The District never wants to give the impression any one vendor is being favored.

Committee Member Berne asked about Oakland joining other school districts on annual contracts to increase their purchasing power.

Moore said by being a California school district, Oakland is part of a contracting system called CMAS where it can purchase goods that the State has already pre-negotiated prices such as vehicles. The District is a Members of US Communities and Council of the Great City Schools. Because of the size of the District, Procurement can usually negotiate prices more tailored to its needs.

Discussed

📄 **16-0719**   **Report - Information Technology - District Financial Systems**

Presentation by Chief Technology Officer or designee as it relates to the District's financial systems.

Attachments: 16-0719 Report - Information Technology - District Financial Systems

Staff presentation by John Krull, Chief Technology Officer, provided an overview of IFAS Security highlighting:

*Controls over who has access and what they are able to do in the system
*Workflow and approvals
*OUSD online system for approving Vendors and Professional Services Contracts
*Vendor invoices and employee reimbursement

IFAS is a professionally managed data center hosted off premises by Sunguard, including 24/7/365 Information Technology (IT) monitoring of networking, hardware and software. Routine maintenance and repairs include regular backup for disaster recovery purposes.

IFAS Access
•   An IFAS security authorization form must be completed and approved by management before IFAS access is granted.
•   Security roles are restricted by site and by system function to prevent unauthorized changes and funds controlled by other departments.
•   User access to IFAS is subject to strict controls over who has access and what they are able to do in the system.

IFAS Workflows
•   Ensures all purchasing and budget transfers are subject to the necessary approvals.
•   Routes requisitions to department management for first level approval; restricted funds are subject to a second level approval by the Department of Accountability; and the Finance Department is the third level (final) approver for purchasing and budget transfers.

Committee Member Questions
Committee Member Berne asked Krull what were the biggest challenges facing the IT Department.

Krull said all systems need to be working properly and talking to one another. He said currently all systems do not work together as it relates to data that can reported to the public. Said he hopes next year that changes.

Chairperson Lindheim said in the past, there was an issue with budget not integrated with HR, Payroll, etc. He asked how much of all that still an issue?

Krull said HR, Finance, AP, and Position are in IFAS, but the one system is not working that great. The issues are access, people using older computers, performance (slow), end user issues, and performance of Sun Guard.

Committee Member Hansen asked how are Employee overtime and reimbursements monitored?

Vernon Hal said Extended Contracts are completed for teacher overtime.

Discussed

📄   **16-0720**   **Report - Legal Department - Contracts and Delegated Authority**

Presentation by the Legal Department on Board Policy 3312 and related legal authority delegated to District staff.

Attachments: 16-0720 Contracts and Delegation of Authority

Staff presentation by Jackie Minor, General Counsel, Board Policy 3312 - Business and Noninstructional Operations, Contracts and Delegation of Authority.

Minor said whenever State law invests the Governing Board with the power to enter into contracts on behalf of the District, the Board may, by a majority vote, delegate this power to

others. To be valid or to constitute an enforceable obligation against the District, all contracts must be approved and/or ratified by the Board. (Education Code 17604).

The Public Contract Code permits Board to delegates the authority to certain individuals, such as the Superintendent, but the Board can delegate that authority further. The Board has chosen to delegate the Superintendent, Chiefs of departments, and the General Counsel with all having the same delegated authority. Currently the amount is $87,800 and adjusts annually on January 1st. Any contract for that amount or less can be signed and immediately authorized by the Chief, the General Counsel or the Superintendent and send it to the Board on its Consent Agenda for ratification. The amount is tied annually to a vendor. Once the amount has been exceeded, approval from the Board is needed first. Any contract over the cumulative delegated amount must go to the Board for approval prior to work starting or a Purchase Order being issued.

Discussed

G. Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Committee

16-0723   **Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Committee**

Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Committee - April 4, 2016.

None.

H. Introduction of New Legislative Matter

None.

I. Adjournment

Chairperson Lindheim adjourned the meeting at 7:21 P.M.

Prepared By: _____

Approved By: _____