

Oakland Unified School District

Board of Education
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Minutes (Long)

Thursday, October 15, 2009

6:00 PM

**Board Room, Paul Robeson Building, 1025 2nd Avenue, Oakland, CA
94606-2212**

Audit Committee

Alice Spearman, Chair

Members: David Kakishiba, Noel Gallo, Sylvester Hodges, Viola Gonzales, Dan Lindheim, Sharon Cornu

A. Call to Order

The meeting was called to order at 6:19 P.M., by Chairperson Alice Spearman.

B. Roll Call

Roll Call: Present: Dan Lindheim, Sharon Cornu, Noel Gallo, David Kakishiba, Alice Spearman, Viola Gonzales and Sylvester Hodges

C. Modifications to the Agenda

There were no modifications to the agenda.

D. Minutes



[09-0832](#) Minutes - Audit Committee - February 19, 2009

Adoption by Audit Committee of its Meeting Minutes of February 19, 2009.

Attachments: [09-0832 - Minutes - Audit Committee - February 19, 2009](#)

A motion was made that this matter be Adopted. The motion carried by the following vote:

Votes: Adv Aye: 0

Adv Nay: 0

Adv Abstain: 0

Aye: 7 - Dan Lindheim, Sharon Cornu, Noel Gallo, David Kakishiba, Alice Spearman, Viola Gonzales and Sylvester Hodges

Nay: 0

Recused: 0

Preferential Aye: 0

Preferential Abstention: 0

Preferential Nay: 0

E. Adoption of the Committee General Consent Report

None

F. Unfinished Business

**08-1936****Status Report - Outstanding Audit Findings - State Controller's Office**

Presentation by staff of Status Report on resolution, or lack thereof, of outstanding Audit Findings by State Controller's Office.

Attachments: [08-1936 - Update Outstanding Audit Findings As of March 19, 2009.pdf](#)

William Nownes, Director, State and Federal Compliance, reviewed the report:

2004-5 audit findings

Audit finding 0530 - requiring additional minutes not at some elementary schools: We have been granted a waiver for that. That is no longer an audit finding.

Audit Finding 0532 - instructional materials public hearing requirements not met: We have been granted a waiver for that. That is no longer an audit finding.

Audit finding 0643 - required amount of instructional minutes not met at one elementary school: We have been granted a waiver for that. That is no longer an audit finding.

Audit finding 0645 - Instructional materials - public hearing held one week after time: We have been granted a waiver for that. That is no longer an audit finding.

Since March, the District has been in negotiations with the various state committees. We have a proposed settlement that will be going to Board this month and it will take care of all the State findings from 2004-2005 and 2005-2006.

Chairperson Spearman asked about the amount of the settlement that will be presented to Board. Mr. Nownes said the settlement would be presented to Board in Closed Session.

School site cash handling - Mr. Marsh said he has worked with the CFO and Controller in looking at the authority staff to work in bank accounts. There are a few instances where accounts have been opened without the authority of fiscal services. He suggests that the District adopt an administrative regulation which mandates that no bank account be opened without the knowledge and authorization of Fiscal Services.

Mr. Marsh said the Cash Handling for Athletic Events is a draft document and he is working with Michael Moore, OAL Commissioner, to develop it into an administrative regulation. Chairperson Spearman said the draft policy should go to the Superintendent who will bring it to the Board for approval.

Contracts/Procurement - Mr. Marsh said he worked with Amanda Van Moos, Operations Coach, to examine procedures for the streamlining of the hiring of independent contractors. He also looked at school sites for the hiring of contractors.

Documented procedures - Mr. Marsh said he assisted various sites which had questions on student body procedures.

Food Service - Mr. Marsh said he met with the administrator and staff to discuss internal

controls over cash handling and statutory compliance with free and reduced program.

Fraud Alert Tip Line - Mr. Marsh said he researched and recommended implementation of a 24/7 bilingual tip line.

Legal - Mr. Marsh said he worked with legal services on a number of audits, many of them personnel related.

Mandated cost recovery - Mr. Marsh said if the District does not file the claims, we will not be reimbursed. He works closely with our consultant, School Innovations and Advocacy, to ensure we are maximizing the claims where permitted.

Director Kakishiba said the Finance and Human Resources Committee has requested an analysis of all contractual services. The CFO has been provided guidance as to how it is presented by funding source, school site, department. When the First Interim Report is presented in December, a report will be presented on contractual services from July 1 to the present.

Oakland Small Schools Foundation - Mr. Marsh said he got a question from Director London about the relative proportions of monies which the District pays to the Oakland Small Schools Foundation which are used for marketing and general administration versus direct programs support. The organization did provide data. Because it is bundled, it was quite difficult to tell which was which and he was not able to draw any firm conclusions. There should be transparency in their operations. His recommendation to the Superintendent would be for the Foundation to provide some feedback which could give us some level of assurance as to what portion of monies are being spent for direct program support.

Payroll and Benefits - Mr. Marsh said over the past several years, there were significant reconciliation problems in reconciling payroll and related benefits. The State Controller's Office asked him to review certain areas, including payroll and benefits, document procedures and make assessment of internal control. He has not finished the work.

Procurement - Mr. Marsh said he got a request from Director Yee about a claim from the City of Berkeley which alleged improper pricing by Office Depot. He looked into the matter. The City of Berkeley got a refund of a significant amount.

Redevelopment Income - Mr. Marsh said there are 13 project areas within the school district boundaries, each with a separate revenue agreement. As a District we are entitled to a portion of the 2 percent property tax increment from properties within the project area, plus AB1290 pass through revenues. Revenues can only be used for property development. The District is using a consultant to ensure the District is receiving all the redevelopment revenues to which it is entitled.

Chairperson Spearman asked staff to calendar a report from the consultant for January to present a report and to answer questions from the committee. Mr. Marsh said he would follow up.

Vehicle Replacement - Mr. Marsh said staff had expressed concern they have a lot of older commercial vehicles and they were struggling everyday to get them on the road. EPA has

introduced new requirements for diesel powered vehicles and we are noncompliant. He did speak to Vernon Hal, Chief Financial Officer, and the District is going to start replacing vehicles. Chairperson Spearman asked staff to present the Finance and Human Resource Committee with an updated report on the vehicles and the amount of money we are spending on servicing the vehicles.

Discussed and Closed

Roll Call (Secretary's Observation)

Dan Lindheim absent at 6:54 P.M.

Roll Call: Present: Sharon Cornu, Noel Gallo, David Kakishiba, Alice Spearman, Viola Gonzales and Sylvester Hodges
Absent: Dan Lindheim

Roll Call (Secretary's Observation)

Noel Gallo absent at 7:07 P.M.

Roll Call: Present: Sharon Cornu, David Kakishiba, Alice Spearman, Viola Gonzales and Sylvester Hodges
Absent: Dan Lindheim and Noel Gallo



08-3179 Internal Auditor - Work Plan - Fiscal Year 2008-2009

Discussion and possible adoption of Internal Auditor's Work Plan for Fiscal Year 2008-2009.

Attachments: [08-3179 - Internal Auditor's Work Plan - FY 2008-2009.pdf](#)

Ian Marsh, Internal Auditor, gave an update on the 2008-09 work plan which this committee approved. His presentation will also include a proposed work plan for 2009-10.

He reviewed contents of his handout:

Page 1 - workplan for 2008-09

Page 2 - listing of items by priority.

Page 3 - work he did, including items that were on the approved plan and additional items that came up during the year which were significant and required attention. He discussed these with the Superintendent.

Regarding Accounts Payable: At the request of the State Controller's Office (SCO), he documented Accounts Payable procedures and reviewed internal controls.

Regarding Associated Study Body: At the middle and high schools, it can be very easy to be noncompliant in reporting. He has recommended that all sites account for District money separately from student body funds. Most sites are co-mingling. He helped organize training for site staff in student body procedures last November.

Regarding Attendance: This was a major focus of his work because of its importance to District revenues. He visited Allendale, Claremont, Far West, Fremont Federation, Joaquin Miller, Oakland Tech, Piedmont Avenue and Roots. A major issue that surfaced was unverified absences. Almost 50 percent of all absences in the District are unverified. Another issue that comes up is use of the All day code. There have been a few instances of teachers failing or refusing to take attendance. Regarding suspensions, there is a preponderance of off-campus suspensions. Over 20 schools had reported no suspended or DHP students. Mr. Marsh said he had visited an elementary school and there were seven teachers who never logged onto the Aeries system. Chairperson Spearman asked if each teacher had to log in or do they still do attendance sheets which goes to the attendance clerk? Mr. Marsh said he always meets with the Attendance Clerk so there is a clear understanding of the deficiencies. President Gallo asked if there was a procedure set up for staff to be accountable for it. There should be some kind of check-off and sign-off within a reasonable amount of time. We know there was a policy on attendance taking. Ms. Gonzales said the Superintendent should be accountable for a system for responses and accountability. Ms. Cornu said not all classrooms have a functional computer. If we are asking teachers to log onto, we need to ensure they have the equipment to be able to do that with. The technology needs to be there for people to do it. Mr. Marsh said there are some sites which do not have computers. He has an assistant whose focus is on attendance reporting and compliance with Cal-Pads. She is following up on the exceptions which he previously documented. Director Gallo asked Mr. Marsh to prepare recommendations for the Audit Committee on the attendance issue relating to a policy change and/or administrative regulation change. Chairperson Spearman said the Superintendent needs to be made aware of this issue and that it needs to be addressed. She would like to bring this to the Superintendent and he can direct the Internal Auditor. Director Kakishiba said the Finance and Human Resource Committee has a set of Operations Expectations that guides the work of the Chief Financial Officer. One of the policies is to ensure attendance accounting is accurate, timely and that there is specific evidence of compliance for that policy which is the audit which is done on an annual basis. Similarly, a report has to be presented to the Chief Financial Officer and he has to present it to the Finance and Human Resource Committee. If it is problematic, then we have to get corrective actions. Mr. Hodges said the committee should bring this matter to the attention of the full Board and the full Board should make a recommendation to the person who works for them.

Mr. Marsh said he would make specific recommendations, i.e., each school site shall have an attendance clerk. Director Kakishiba said other issues which need to be addressed, too, are people who are refusing to take attendance and the clearing of absences. Ms. Cornu asked who is responsible for monitoring the attendance? Mr. Marsh said the Chief Services Officer, Laura Moran, is ultimately responsible.

A motion was made by Sylvester Hodges, seconded by Viola Gonzales, that this matter be Adopted. The motion carried by the following vote:

Votes: Adv Aye: 0

Adv Nay: 0

Adv Abstain: 0

Aye: 5 - Sharon Cornu, David Kakishiba, Alice Spearman, Viola Gonzales and Sylvester Hodges

Nay: 0

Recused: 0

Absent: 2 - Dan Lindheim and Noel Gallo

Preferential Aye: 0
Preferential Abstention: 0
Preferential Nay: 0

G. New Business



[09-0830](#) **Nomination(s) for Chair, Audit Committee, 2009 Term**

Acceptance of Nomination(s) of Board member for Chair, Audit Committee, 2009 Term.

Attachments: [BP 3461 - Audit_Committee\[1\].pdf](#)

Alice Spearman opened the floor for nomination(s) for Committee Chair. Sylvester Hodges nominated Alice Spearman for Committee Chair. Chairperson Spearman, hearing no further nominations, closed the nominations.

09-0831 Election, Chair, Audit Committee - 2009 Term

Shall Alice Spearman be elected Chair of the Audit Committee for the 2009 Term?

Alice Spearman was elected Committee Chair.

A motion was made by Sylvester Hodges, seconded by Viola Gonzales, that this matter be Adopted. The motion carried by the following vote:

Votes: Adv Aye: 0
Adv Nay: 0
Adv Abstain: 0
Aye: 5 - Sharon Cornu, David Kakishiba, Alice Spearman, Viola Gonzales and Sylvester Hodges
Nay: 0
Recused: 0
Absent: 2 - Dan Lindheim and Noel Gallo
Preferential Aye: 0
Preferential Abstention: 0
Preferential Nay: 0



[09-1577](#) **Report - District's Cash Flow - FY 2008-09 and Current Fiscal Year**

Presentation of Report from Chief Financial Officer on the District's current and future projected Cash Flow, trends, problems and issues, if any.

Attachments: [Document\(s\)](#)
[09-1577_Report_District's_Cash_Flow_FY_2008-09.pdf](#)
[09-1577_Report_District's_Cash_Flow_FY_2008-09.ppt](#)

Tabled to a Date Certain



[09-1756](#) **Reconciling Cash Balance Overstatement In the General Fund and Payroll Liabilities Fund**

Adoption by Audit Committee of Resolution No. 0809-0001 - Reconciling Cash Balance Overstatement In the General Fund and Payroll Liabilities Fund

Attachments: [Document\(s\)](#)
[09-1756 - Resolution No. 0809-0001 - Reconciling Cash Balance Overstatement In the General Fund and Payroll Liabilities Fund.pdf](#)

Tabled to a Date Certain



[09-2486](#)

Internal Auditor - Work Plan - Fiscal Year 2009-2010

Adoption of the Internal Auditor's Work Plan for Fiscal Year 2009-2010.

Attachments: [09-2486 - Internal Auditor - Work Plan - Fiscal Year 2009-2010.pdf](#)

Mr. Marsh reviewed the 11 areas listed in the report. Attendance is one of the major items given its importance to revenues of this District. Director Gallo is interested in school site cash handling and they have discussed the issue. He expects to continue to review that, especially at the high schools and middle schools. That would include reviewing student body activity where it exists. There is heightened interest in procurement and efficiency in how we seek and award bids, and there is interest in the oversight of those. In the area of payables, he thought it might be instructive to look at expenditures in an area where we might have a significant impact. The area of utilities is one that we might look at. He is open to suggestions. Regarding item 6, Liaison with outside auditors, we have been paying the State Controller's Office (SCO) about \$450,000 a year for the past five years. Much of the work could be done in house at a lower cost. The SCO office has agreed with that. They will place reliance on the work of Mr. Marsh and the focus will be on documenting procedures and reviewing internal controls. The SCO will still verify balances. The intent would be to reduce the number of reportable conditions. Payroll and Benefits is an area of heightened interest given the issues we have had in those areas.

In the area of Special Education, Mr. Marsh said we estimated that we will spend approximately \$80,000,000 this year, of which \$20,000,000 will be reimbursed. Special Education is an area for possible cost savings. We might use nonpublic schools and nonpublic agencies and look at contracting procedures. In the area of language, it is extremely difficult to find folks to work for the District and we have to contract out those services. Chairperson Spearman asked about the issue of IEP compliance. Mr. Marsh said there are a number of software packages available to track the items to ensure people are reminded in good time to review the IEP. We need to ensure we are providing what is specified in the IEP because of the consequences of not so doing. The District might consider the use of an ombudsperson as a liaison between parents and the District. Director Kakishiba asked if Mr. Marsh had talked with the CFO about Special Education costs. Mr. Marsh said he would speak with Mr. Hal to see if there was a way of working together to get a good result. Mr. Marsh said he would report on recommendations for new measures that could result in efficient use of resources or cost reductions in a couple of months. In the area of mandated costs, Mr. Marsh said he would try to ensure where there are monies which are recoverable, that we do file claims. Mr. Marsh stated, beginning in November, the Contra Costa County Office of Education, is offering free Associated Student Body training. The training has been communicated to the Network Officers. Mr. Marsh said there are a number of software packages available for use to identify on an anonymous basis, duplicate payments in Accounts Payable and in the area of payroll. It can do file matches so that we do not have any "ghost" employees. He has

talked to technology staff as a possibility, and this is something he would like to try on a trial basis. Santa Clara County is willing to let us use their software. Mr. Marsh said he would come back with a specific recommendation. Chairperson Spearman said there are a couple items the Committee is asking Mr. Marsh to follow up: There is no written policy for School Site cash handling. Staff was requested to draft a policy about the utilization of school funds, bank accounts and attendance as it relates to truancy. Mr. Marsh said he prepared a recommendation for Vernon Hal, Chief Financial Officer, about the account structure to be used at school sites, but he has not been able to meet with him to get resolution on the implementation. Mr. Marsh said he would present his recommendations at the next meeting. The major issue relates to the subsidiary accounts at school sites where we are commingling district and non-district monies. Ms. Gonzales asked which committee would examine the issue of technology? It is not okay that teachers do not have a computer to input student data. Director Kakishiba noted on Monday, October 26, a Special Board Meeting will be held on the mechanics of Results Based Budgeting. It should be a fairly in-depth detailed orientation to the Board including how the District calculates the per student allocation formula. Chairperson Spearman said she would like to call a Special Meeting of the Audit Committee at the same time. Mr. Hodges asked for information on the 2007-08 and 2008-09 report on electricity, gas, water, trash, telephones and cell phones to review the trends over a two-year period for possible cost saving recommendations. Mr. Marsh said the information is part of a report that he is preparing. Mr. Hodges asked about the staff training for the Associated Student Body training and if we could have documentation on attendance. Chairperson Spearman asked if the training is mandated? Mr. Marsh said another area of concern is the recording of time associated with restricted funds. This has been an ongoing issue with staff failing to keep time.

Committee Members asked District Secretary Rakestraw to post the Study Session on October 26 as a Joint Meeting of the Audit Committee and the Board of Education.

A motion was made by Sylvester Hodges, seconded by Viola Gonzales, that this matter be Adopted. The motion carried by the following vote:

Votes: Adv Aye: 0
 Adv Nay: 0
 Adv Abstain: 0
 Aye: 5 - Sharon Cornu, David Kakishiba, Alice Spearman, Viola Gonzales and Sylvester Hodges
 Nay: 0
 Recused: 0
 Absent: 2 - Dan Lindheim and Noel Gallo
 Preferential Aye: 0
 Preferential Abstention: 0
 Preferential Nay: 0



09-2710

Annual Statement of All Receipts and Expenditures of the District - Fiscal Year 2008-09 (Unaudited Actuals) (Closing of the Books)

Presentation of the Annual Statement of All Receipts and Expenditures of the District for the 2008-2009 Fiscal Year (Unaudited Actuals), (aka, Closing of the Books).

Attachments: [09-2578 - Annual Statement of All Receipts and Expenditures of the District - Fiscal Year 2008-09 \(Unaudited Actuals\) \(Closing of the Books\)](#)

Tabled to a Date Certain

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

None

I. Introduction of New Legislative Matter

Chairperson Spearman asked the Committee to take a look at a resolution introduced in May of this year which would ask the State to reimburse the District for audit costs. She would like to re-introduce the reconciliation cash balance overstatement in the General Fund and Payroll Liabilities Fund for our next meeting for the committee to adopt.

Director Kakishiba asked about the status of the State Controller's audit for the current period? Chairperson Spearman said they are being scheduled for closed session regarding a reconciliation of agreement. Mr. Marsh said he was told that the State Controller's Office was going to review categoricals only for 2007-2008. We asked for a waiver on the rest and it is his understanding the State Controller's Office has agreed to that. The next full scope audit should be for 2008-09. Chairperson Spearman said they are doing an audit resolution for years 2004-05 and 2005-06.

J. Adjournment

Chairperson Alice Spearman adjourned the meeting at 8:05 P.M.

Prepared By: _____

Approved By: _____