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OAKLAND UNIFIED SCHOOL DISTRICT

Community Schools, Thriving Students

OFFICE OF THE GENERAL COUNSEL

Memo

To Board of Education

From Vernon Hal, Deputy Superintendent
Jacqueline Minor, General Counsel

Board Meeting Date December 11, 2013

Subject **AGREEMENT WITH THE STATE CONTROLLER'S OFFICE FOR 2011-12 FISCAL YEAR ANNUAL AUDIT OF THE DISTRICT**

Action Requested APPROVAL OF AGREEMENT WITH THE STATE CONTROLLER'S OFFICE FOR 2011-12 Fiscal Year ANNUAL AUDIT OF THE DISTRICT

Background The District requested that the SCO agree to accept the 2011-12 audit to be conducted by VTD under an RFP with the District in lieu of the audit under S.B. 39. The SCO would not agree. Therefore for 2011-12, the SCO will conduct both compliance and financial audits and VTD will conduct a financial audit. VTD, SCO and the District has met and agreed upon the working and communications "norms" which all parties anticipate will facilitate efficient completion of the 11-12 audit. The document reflecting those norms is attached to this memo. ("Oakland Unified School District List of Audit Issues for Discussion with State Controller's Office Auditors For 2011-12 Audit")

Discussion The audit commenced on Tuesday, November 12, 2013. Assuming no unanticipated delays or other contingencies, SCO anticipates that the final audit report will be completed no later than April 30, 2014. The cost of the audit is \$400,000.

Recommendation Approval by the Board of Education of the AGREEMENT WITH THE STATE CONTROLLER'S OFFICE FOR The 2011-12 Fiscal Year ANNUAL AUDIT OF THE DISTRICT

Fiscal Impact \$400,000

Attachments AGREEMENT WITH THE STATE CONTROLLER'S OFFICE FOR The 2010-11 ANNUAL AUDIT OF THE DISTRICT
Oakland Unified School District List of Audit Issues for Discussion with State Controller's Office Auditors For 2011-12 Audit

CONTRACT FOR SERVICES

ANNUAL AUDIT OF SCHOOL DISTRICT (2011-12 FISCAL YEAR)

This contract is entered into by and between the State Controller's Office (SCO), Division of Audits, and the Oakland Unified School District (District) and sets forth the nature and scope of the services the SCO will provide. The District's required involvement and assistance in support of the SCO services, the related fee arrangements, and other terms and conditions, are designed to ensure that the SCO professional services achieve the mutually agreed-upon objectives of the SCO and the District.

The SCO agrees to provide auditing services in accordance with California Education Code section 41320.1 (d) for fiscal year (FY) 2011-12 for the District.

The SCO will perform a financial and compliance audit of the District for FY 2011-12, the objective of which is an expression of opinion as to whether the basic financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information in relation to the financial statements as a whole. The object also includes reporting on:

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a direct and material effect on the financial statements in accordance with Government Auditing Standards.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
- Compliance with state laws and regulations in accordance with Title 5, *California Code of Regulations*, Division 1.5, Chapter 3, *Standards and Procedures for Audits of California K-12 Local Education Agencies*.

The SCO agrees that if its opinion is other than qualified, it will fully discuss the reasons with the District prior to the release of the final audit report. The SCO agrees to discuss the final report with the Superintendent prior to its issuance, if the Superintendent is available within two weeks of the SCO's request for the meeting. In addition, if requested, the SCO agrees to personally present the final audit report to the Board of Trustees, after the report is issued, in order that the audit might be fully understood and questions answered.

The period to be audited pursuant to this contract shall be the fiscal year beginning July 1, 2011, and ending June 30, 2012.

The audit will be performed in accordance with United States' generally accepted auditing standards: *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Education Agencies*. The audit will include all procedures that the SCO considers necessary to determine compliance with the applicable laws and regulations for participation in federal and state programs.

The form and content of the audit report shall be in conformity, to the extent practicable, with such form and content as may be prescribed by the SCO under California Education Code sections 14500 and 41020, and as detailed in *Standards and Procedures for Audits of California K-12 Local Education Agencies*.

The audit is not specifically designed to disclose fraud or defalcation; however, as part of the audit, the SCO will obtain information needed to identify risks of material misstatement due to fraud, and will assess and address the identified risks.

The SCO may issue a letter to those charged with governance that points out internal control weaknesses, comments on areas of possible improvements in procedures and management practices of the District, and identifies areas of possible violations of regulatory provisions.

The SCO may meet with State Trustee, Superintendent or his designee, or management representatives throughout the course of the audit fieldwork to discuss and resolve audit issues, possible findings, significant deficiencies, and material weaknesses.

Time is of the essence in this agreement. SCO will begin audit fieldwork on November 12, 2013. Provided there are no unforeseen circumstances or delays caused by the District in providing complete and accurate financial statements and notes to the basic financial statements; complete and accurate attendance records, ancillary reconciliations, and supporting schedules; responses to records requests; and responses to noted deficiencies and audit findings, the SCO will complete its fieldwork, conduct an exit conference, and provide draft reports no later than March 30, 2014. The audit shall be completed and the final audit reports shall be delivered in the manner and to the parties as hereinafter set forth, no later than April 30, 2014.

The total amount payable under this agreement shall be \$400,000. However, the contract may exceed \$400,000 if there are delays caused by the District and/or incomplete or inaccurate information provided by the District.

To contain costs and to facilitate the successful completion of the audit, the District agrees as follows:

1. To assign one contact person who is responsible for responding to SCO document requests in a timely manner and ensuring that the documents provided to us are appropriate, accurate, and complete, and that the documents support the District's reports;
2. To work collaboratively with the SCO to establish reasonable timeframes for the completion of tasks and to provide all documents, requests for information, and audit finding responses to be published in the final audits reports;
3. To provide complete and accurate:
 - a. Financial statements, including required supplementary information and other supplementary information
 - b. Schedule of Expenditures of Federal Awards
 - c. Notes to the basic financial statements, required supplementary information, other supplementary information, and Schedule of Expenditures of Federal Awards, as needed
 - d. Status of prior findings
 - e. Organization structure
 - f. Schedule of charter schools
 - g. Management discussion and analysis
 - h. Management representation letters
4. To make records available at a central location, and to provide a secure work space for SCO staff (exclusive of equipment, supplies, or services);
5. To a one-time audit of the supporting documentation provided; and
6. To reimburse the SCO for any additional expenses that may be incurred because of a finding or an appeal, if the SCO must audit additional documents that the District provides.

In addition, to allow the SCO to begin planning the audit, the District agrees to provide the following information by no later than November 12, 2013:

State Compliance

- List of schools for FY 2011-12
- P-2 and annual reports of attendance and summary schedules by site
- Instructional minutes summary calculations spreadsheet prepared by the District for FY 2011-12
- Evidence of instruction materials hearings held in accordance with California Education Code section 60119
- List of approved state and local instructional material adoptions
- Administrator-to-teacher ratio calculation and supporting documentation
- Documentation in support of the classroom teachers' salary calculation
- Independent study student-to-teacher ratio calculation and supporting documentation
- Gann limit calculation (form GANN) and supporting documentation
- Evidence of a public hearing by the governing board held in accordance with Education Code section 42605
- Class size reduction claim (J7 CSR) and supporting documentation

Federal Compliance

The District will provide the Schedule of expenditures of federal awards no later than November 30, 2013. Within 7 to 10 business days from the date to which the SCO provides the list of major programs, the District agrees to provide to the SCO:

- Form CAT
- Budget summary report for major federal programs
- Budget allocation reports
- Consolidated application

In order to perform the audit the District agrees to provide the following to the SCO by no later than November 30, 2013:

State Compliance

- For schools selected for testing:
 - Scantrons/teachers' registers
 - Absence notes
 - Independent study agreements and work samples
 - List of kindergarten pupils for FY 2010-11 and FY 2011-12
 - Bell schedules
 - School Accountability Report Cards (SARC) for school selected for testing
 - Interim evaluation instruments for schools selected for SARC testing
- For schools selected for After School Education and Safety Program (ASES) testing:
 - Sign-in and sign-out sheets
 - Reconciliation of the weekly sign-in sheets to the monthly attendance reports
 - Monthly attendance reports supported by attendance totals entered on weekly sign-in sheets
 - Attendance totals entered on the weekly sign-in sheets supported by the number of signature son the weekly sign-in sheets

Internal Controls

- Accounting procedures manuals
- Payroll procedures manual
- Other audit reports (results of any external or internal audits, examinations, or reviews conducted of the District related to accounting or financial matters, and state and federal compliance)

Internal Auditor

- Access to the internal auditor's working papers

The District further agrees to provide the following to the SCO by no later than January 31, 2014:

Financial

- Unaudited actuals (in an electronic format), including all ancillary reconciliations, supporting schedules, adjustments, conversion entries, and Standardized Account Code Structure report forms
- Unaudited financial statements, including required supplementary information and other supplementary information and schedules
- Notes to the basic financial statements, required supplementary information, and schedules of expenditures of federal awards
- Accounting records that support the year-end balances for accounts receivables, payables, cash, revolving cash, student body accounts, investments, capital assets, long-term debt, expenditures, etc.

Additional information and supporting documents will be requested by the SCO as the audit progresses.

The District agrees to pay for the auditing services based on monthly invoices provided by the SCO for services rendered.

It is understood that, pursuant to California Education Code section 14505(a), 10% of the audit fees will be withheld until the SCO certifies that the audit report conforms to the reporting provisions of *Standards and Procedures for Audits of California K-12 Local Education Agencies*.

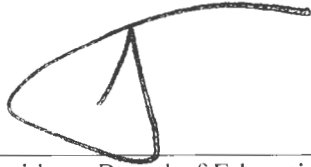
In accordance with federal indirect cost proposal guidelines (OMB Circular A-87), current-year costs will be billed based on the approved provisional indirect cost rate.

Copies of each audit report herein required shall be prepared and substantially bound by the SCO for filing with California Department of Education, the Alameda County Office of Education, and the Federal Audit Clearinghouse. In addition, 20 copies of the bound audit report shall be provided to the District.

This agreement shall be effective when approved by the Board of Education of the District and may be amended or extended upon mutual agreement by both parties.

Oakland Unified School District

JOHN CHIANG
State Controller



12/12/13

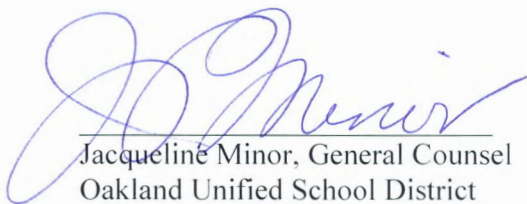
President, Board of Education
Oakland Unified School District

Tom Yowell, Chief
Administration and Disbursements Division
State Controller's Office



12/12/13

Secretary, Board of Education
Oakland Unified School District



Jacqueline Minor, General Counsel
Oakland Unified School District

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File ID Number: 13-2657
Introduction Date: 12/11/13
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Enactment Date: 12/11/13 02
By:

**Oakland Unified School District (OUSD)
List of Audit Issues for Discussion
with State Controller's Office Auditors (SCO)
For 2011-12 Audit**

The information detailed below are issues OUSD would like to discuss with SCO regarding the conduct and communication for the 2011-12 Audit. The items listed are as of August 2, 2013. OUSD will forward additional items to SCO should any be identified at a later date. SCO responses are in red below. Final Agreement based on meeting among OUSD, VTD, and SCO on October 30, 2013.

A. Communication

1. SCO Auditors and OUSD Staff need to develop a process to discuss accounting issues where both parties can express their viewpoint, provide relevant research, and come to an agreed upon solution.

SCO Response - Once VTD has provided the SCO with the OUSD financial statements that they are preparing, the SCO will meet with the district staff to discuss any accounting issues that we may encounter during the course of the audit.

Final Agreement – Process will be as follows: 1) Issue identified, 2) OUSD will perform research and preliminary conclusion 3) VTD will review OUSD's position, 4) SCO will review OUSD's position, 5) SCO, OUSD, and VTD, will discuss issue and come to agreement or agree to disagree.

2. SCO Auditors and OUSD Staff need to develop process to resolve personnel (SCO Audit Staff and OUSD Staff) issues in a timely manner.

SCO Response - Any issues with SCO audit personnel will be resolved by the audit manager, or the bureau chief, if the manager is unable to resolve the issue. OUSD will propose a process for handling any issues with OUSD staff.

Final Agreement – In addition to the above SCO process, OUSD may contact Jeff Brownfield at any time at 916-324-1696 (direct line answered by Jeff's assistant). Jeff also provided his personal number (not published here due to privacy concerns). George Lolas, Chief Operating Officer at SCO also provide his number 916-552-8080. Vernon Hal, Deputy Superintendent provided his email to SCO.

3. Conduct Bi-Weekly audit status meetings between SCO Auditors and OUSD Staff. Meeting should occur at OUSD offices in person.

SCO Response - OUSD to propose dates and times for the meetings. If updates or changes are minimal, the meetings should be conducted via conference call.

Final Agreement – The group agreed to conference calls if mutually agreed by all parties. Although SCO's updates or changes may be minimal, OUSD may have issues to discuss.

4. SCO Auditors and OUSD Staff need to develop a process to discuss, resolve, and agree/disagree with potential findings prior to the formal presentation of a finding.

SCO Response - Any potential audit findings will be discussed with staff designated by OUSD. and will be presented in a status update at the bi-weekly meetings. Any audit findings that are not resolved will be presented in a draft audit report for comment by the district prior to issuance of the final audit report.

Final Agreement – SCO agreed to the finding process used by the SCO Federal and State auditors during the 2010-11 audit. This process includes: 1) SCO auditors discuss the auditor's observations/conclusions with appropriate district staff to ensure all parties understand the issues, 2) SCO follows up the discussion with an email outlining the understanding, 3) OUSD reviews issues detailed in the email and replies with agreement or disagreement, 4) SCO and OUSD resolve disagreements, if any, 5) SCO issues draft finding, 6) OUSD provides response to draft finding

5. SCO Auditors need to include a process whereby the District has an opportunity to review SCO Audit Report before issuance to insure all District information is accurately presented.

SCO Response - SCO will provide the OUSD with a draft report, for comment by the district.

Final Agreement – In addition to SCO providing OUSD a draft report, OUSD will have 15 days to review the draft and make comments for correction/edits, if needed.

6. SCO Auditors need to review and discuss with OUSD reasons for modifications to the auditors' report and expected wording in their report prior to issuance of report. Verbally stated reasons for modification should correspond to language used in the report.

SCO Response - Any proposed modifications to the independent auditor's report will be reviewed by SCO's quality control review bureau prior to discussion with the district.

Final Agreement – SCO will discuss any modification language with OUSD that is consistent with the language auditors will use in their report. Such discussion will take place prior to issuance of the draft report.

B. Auditor Experience Levels

1. All SCO Auditors should be CPAs and have extensive experience in school district audits of the size and complexity of OUSD.

SCO Response - All SCO auditors comply with AICPA and GAGAS standards related to adequate training and proper supervision. All SCO auditors will be supervised by a CPA, and will collectively possess adequate professional competence for the tasks required. In addition, the SCO requests that OUSD provide a list of the audit staff, including any active professional certifications, assigned by VTD to work on the financial audit, including OUSD staff and/or consultants working with the auditors and any active professional certifications. Although the term "extensive" is subjective, the SCO audit team as a whole has audited numerous school districts, and the SCO is chair of the K-12 Audit Guide Committee, which dictates the audit procedures to be followed by auditors in performing audits of school districts.

Final Agreement – The group discussed the relative experience of district staff, VTD staff, and SCO staff and agreed to dispense with need to share credentials.

2. All SCO Auditors auditing State and Federal compliance and programs should have extensive experience reviewing programs in school districts of the size and complexity of OUSD. They need to have had extensive experience interviewing school site personnel in situ.

SCO Response - All SCO auditors will collectively possess adequate professional competence for tasks required, in accordance with GAGAS, including skills to communicate clearly and effectively, both orally and in writing.

Final Agreement – SCO agreed to work with Jane Nicholson (site audit coordinator) when visiting the school sites.

C. Audit Process

1. SCO auditors need to conduct majority of audit on-site so they can effectively communicate with appropriate personnel. Audit by email and conference call does not work.

SCO Response – SCO auditors will conduct the majority of audit procedures on site, if possible; however, emails, phone calls or conference calls may be utilized, as needed, in order to complete the audit in a timely and cost-effective manner.

Final Agreement – SCO agreed that they will conduct audit of all major audit areas on site, such as payroll, capital assets, accounts payable, etc. This will ensure an efficient audit process and help to reduce misunderstandings.

2. SCO Auditors to provide OUSD Staff with calendar of overall work plan that includes audit areas, timeline, and anticipated requested documents. SCO Auditors to share the work plan with OUSD Staff prior to audit work beginning. SCO needs to discuss any variance to timeline at Bi-Weekly in-person meetings.

SCO Response - For the state and federal compliance sections of the audit, the SCO will develop a workplan when we have received and reviewed the pertinent documents we

provided in our initial document request. For the financial audit, the SCO will develop a workplan once OUSD has provided a copy of the financial statements prepared by VTD, and we have performed our initial review. Variances to the timeline will be provided in a bi-weekly status update.

Final Agreement – SCO agreed to provide the work plan on Monday, November 11, 2013. OUSD appreciates SCO’s willingness to provide this information.

3. To reduce excessive email, SCO Auditors need to provide their requests through a consolidated request listing that includes at a minimum:
 - Request identification (number, letter, other)
 - Date of request
 - Auditor requesting
 - Description of the request
 - Expected due date
 - Date request received by auditor

SCO Response - The SCO will provide the district with an initial document request list that includes detailed information on the documents needed for substantive testing and state and federal compliance testing. Additional documents may be requested by the auditors via email, or orally: i.e., during school site testing. Developing and maintaining a consolidated request listing for all documentation requested during the course of the audit would be inefficient and ineffective.

Final Agreement – SCO will merge their multiple lists into one and provide it to OUSD. This will allow OUSD to compare their internally prepared list with SCO’s to ensure nothing slipped through the cracks.

4. SCO Auditors need to route their requests through Linda Todd, Audit Coordinator.

SCO Response - Agree

5. SCO Auditors site visitations need to be coordinated with Jane Nicholson, Consultant

SCO Response - Agree.

6. SCO Auditors requests of school site staff needs to be in writing with a cc to Jane Nicholson, Consultant, and Linda Todd, Audit Coordinator.

SCO Response - The inability to obtain information or documentation through oral communication impedes the progress of the audit.

Final Agreement - It is not OUSD’s intent to restrict SCO auditors from communicating orally with school site staff. However, SCO needs to advise Jane Nicholson and Linda Todd of any requests for information that staff is to provide

auditors. This will allow Jane and/or Linda to follow up and ensure that staff provides the requested information.

7. Requests of Department Heads/Central Office Program Managers need to be routed through Linda Todd, Audit Coordinator

SCO Response - Department Heads/Central Office Program Managers need to be able to freely respond to auditors without filtering requests through Linda Todd; however, we will cc: Linda on any email communications with Department Heads, etc.

Final Agreement – It is not the intent of OUSD to restrict SCO auditor’s access to Department Heads and Central Office Program Managers. However, SCO should route all initial requests for information through Linda Todd so she can document the request and ensure it is forwarded to the appropriate OUSD staff. SCO auditors are free to forward follow up questions to OUSD staff via email with a cc to Linda.

8. Requests need one to two weeks lead time to allow staff sufficient time to obtain. This depends on the nature of the request.

SCO Response - Documents or information that is readily available should be provided to the auditor and not held in review by others.

Final Agreement – It is the intent of OUSD to provide SCO with documents as soon as they are available. OUSD reminds SCO that not all documents are housed in one location and it may take one to two weeks to obtain the requested information from school sites or departments that are scattered throughout the city. In addition, the flood of the 2nd Avenue location may hamper OUSD’s ability to quickly locate documents.

9. SCO Auditors need to avoid duplicate requests.

SCO Response - Agree

10. SCO Auditors need to avoid requesting documentation they intend to ignore.

SCO Response - The SCO does not intend to ignore any documentation requested.

11. Reports and documents presented to SCO Auditors as “draft” or “preliminary” should be considered as such and realize changes made by OUSD should not constitute a finding.

SCO Response - The SCO will request that any reports or documents presented to SCO auditors be final copies. This will help prevent the SCO auditors from having to reaudit documents; allowing us to complete the audit more efficiently and timely.

Final Agreement – OUSD will provide the most recent final copies of all documents.

12. SCO Auditors should understand detailed documentation comes in various layers. For instance, a detailed listing of capital projects may be supported by a detailed listing of invoices. The detailed listing of invoices may be supported by the actual invoices. This will require SCO Auditors to select from the listing of capital projects, and then select invoices from the detailed listing of invoices.

SCO Response - SCO auditors understand the concepts and standards applicable to audit evidence. Audit procedures will be performed in accordance with applicable auditing standards.

Final Agreement - OUSD does not question SCO's audit procedures with regard to auditing standards. However, OUSD wishes to avoid misunderstandings that potentially could result in a finding when SCO auditors do not understand the documents provided to them. OUSD will inform SCO auditors of any instances where multiple layers of information are used from which SCO will need to select their samples.

D. Issues to Resolve Prior to Audit

1. Accounting for Capital Assets *Refer to Findings 11-04 and 11-05 regarding capital asset issues and recommendations.*
 - a. Acceptable valuation documentation for historical cost. *The district needs to obtain an appraisal from an independent third party.*
 - b. Acceptable valuation documentation for work in process. *The district needs to provide adequate documentation supporting the historical cost of work in process.*
 - c. Acceptable soft costs. *Capitalized expenses should be directly related to a project and supported by adequate documentation; for example timesheets.*
 - d. Capitalization threshold for assets - \$10,000 versus \$25,000, split dollar amounts depending on the nature of the asset (i.e. building versus equipment)? *The district should comply with CSAM requirements regarding capitalization thresholds*

SCO Response noted above in *red italics* above.

Final Agreement – Leonard Danna discussed the approach VTD will take in auditing the capital assets. SCO agreed that an appraisal from a third party is not required under accounting and audit standards. SCO also agreed that they will review the work performed by VTD to determine that capital assets are fairly valued in accordance with accounting standards.

2. Bond Proceeds Usage
 - a. OUSD relies on legal opinion for transferring funds for Deferred Maintenance purposes.
 - b. OUSD relied on legal opinion for returning previously transferred funds of \$9.9 million from Bond fund to Capital Facilities fund.

SCO Response - *The SCO will seek a legal opinion on this bond proceeds usage.*

Final Agreement – SCO will have their legal counsel contact Jacqueline Minor, legal counsel for OUSD for any information that may be relevant to SCO’s decision. In addition, SCO has copies of both legal opinions in their files.

3. Accounts Payable Write off as of July 1, 2010
 - a. What additional documentation do SCO Auditors need to accept the write-off?

SCO Response - Refer to Finding 11-09 regarding accounts payable issues and recommendations. The district needs to provide documentation that identifies whether the liabilities were paid in the prior year, if the liability remained outstanding, or whether the liability was paid and not removed from the accounts payable balances.

Final Agreement – VTD and SCO will look at the list from the 2011 audit, compare it to the list of items written off during the 2011-12 fiscal year, and evaluate and perform tests of documentation as needed.

4. Accounting for E-Rate
 - a. Accrual of Credits

SCO Response - Refer to Finding 11-08. The district needs to provide adequate supporting documentation of these entries.

Final Agreement – OUSD’s question regarding E-Rate was whether or not it is appropriate to accrue E-Rate credits at June 30. The group agreed that the credits can be accrued at year end.

5. Beginning Balances
 - a. What documentation do SCO Auditors need to get comfortable with beginning balances? *The SCO will review the documentation supporting the financial statement beginning balances, once VTD prepares the financial statements, in order to determine if beginning balances are fairly presented.*
 - b. What alternative procedures do SCO Auditors plan to employ to get comfortable with the beginning balances? *See above.*
 - c. Which financial statement beginning account balances are SCO Auditors concerned about? *All beginning account balances.*

SCO Response noted above in *red italics* above.

Final Agreement – VTD will review the workpapers SCO prepared in conjunction with the 2010-11 fiscal year and make a determination as to what additional audit procedures are warranted, if any, to substantiate the beginning balances (excluding capital assets where another approach was proposed in D.1. above). Then VTD and SCO will discuss the results of VTD’s review and adjust the audit plan if needed. Leonard Danna will contact Carolyn Baez to arrange for the review of the workpapers.

6. RAT and CEA Calculations

- a. Clarify definition of “teacher” and instructional services that is consistent with CDE guidance to avoid SCO applying a standard to OUSD that differs from standards used by other Districts within the state.

SCO Response - Refer to Finding 11-40. The SCO agrees with CDE guidance and cited Education Code requirements in the finding. The SCO follows K-12 Audit Guide requirements, issued by the Education Audits Appeal Panel, in auditing RAT. These requirements are to be followed by all auditors in determining compliance with state requirements.

Final Agreement – SCO agreed to have the RAT and CEA auditor talk with Bonnie Reusch before they begin the audit so that they can discuss acceptable documentation to support instruction related activities.