

Oakland Unified School District

Analysis of Contract Spending, Process, and Opportunities for Investigation

Agenda

- **Scope of Work**
- **Descriptive Statistics (FY2017 – full year)**
- **Suggested Areas for Further Review (FY2018)**
- **Process Maps**
- **Recommendations**

Scope of Work

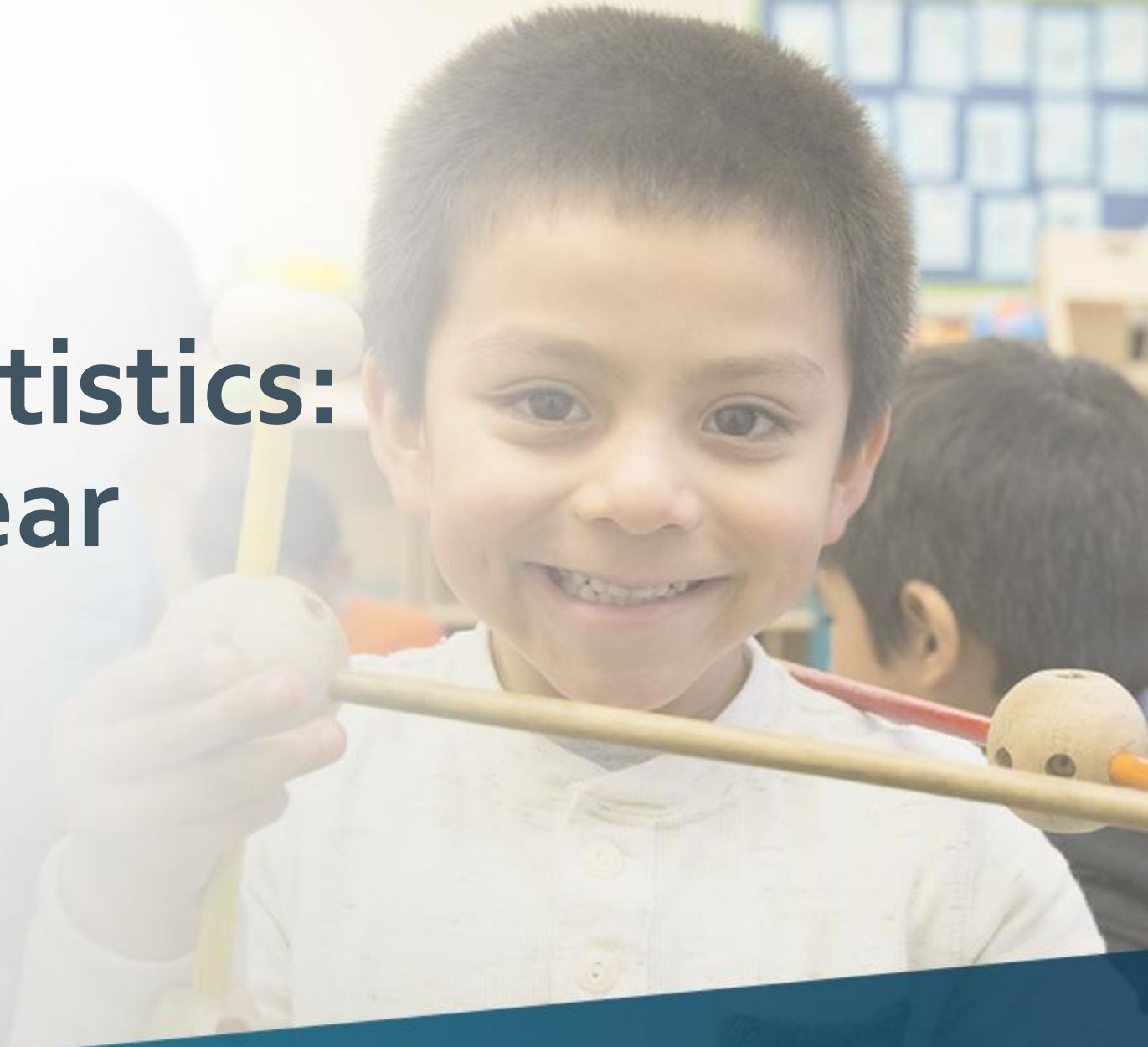


Scope of Work for this Project

Analyze the current contracts that OUSD has entered into and achieve various outcomes including:

- Descriptive statistics of contracts (discrete object codes),
- Produce recommendations for improving internal controls and management of contracts.

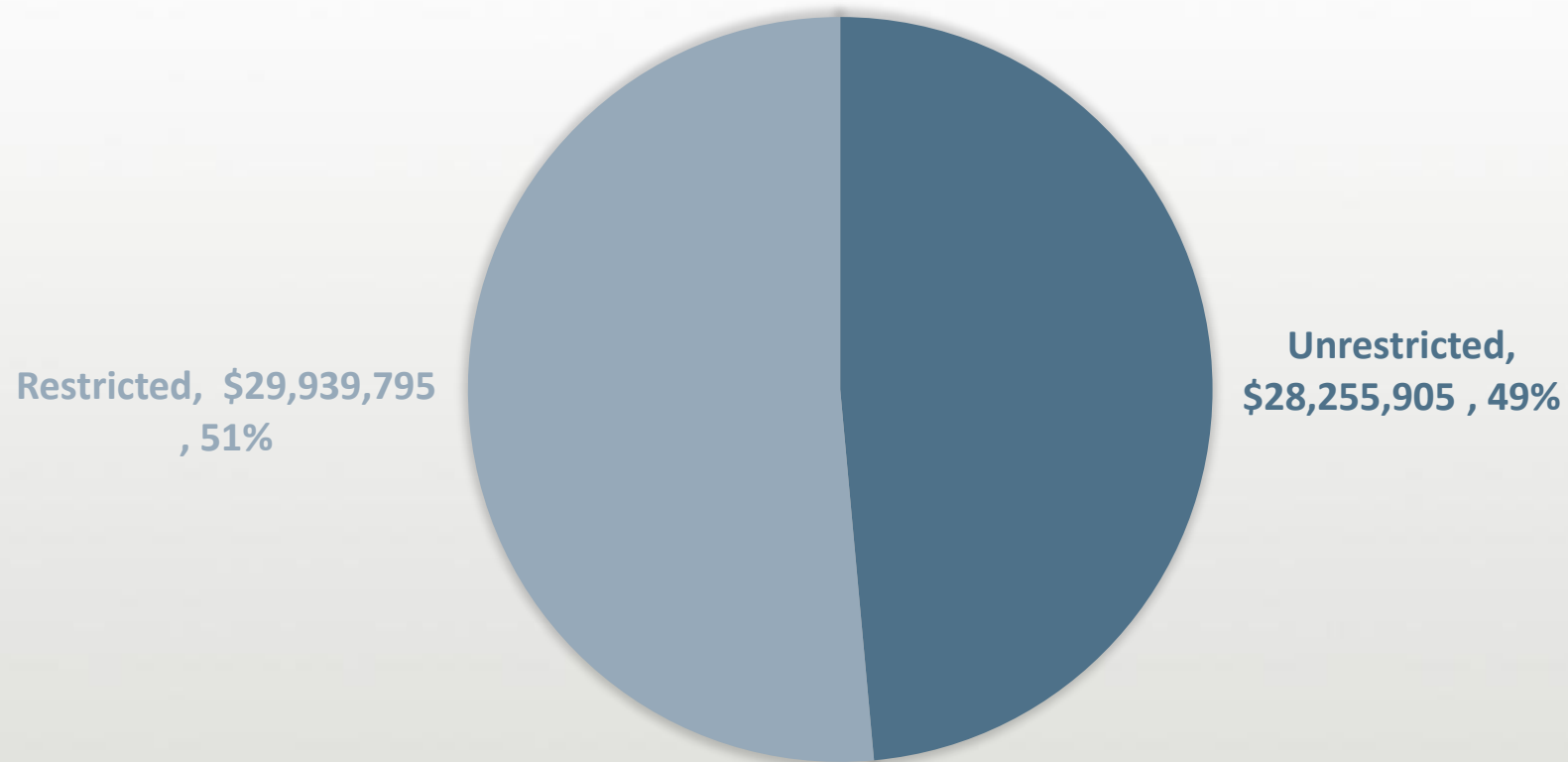
Descriptive Statistics: FY2017 – full year



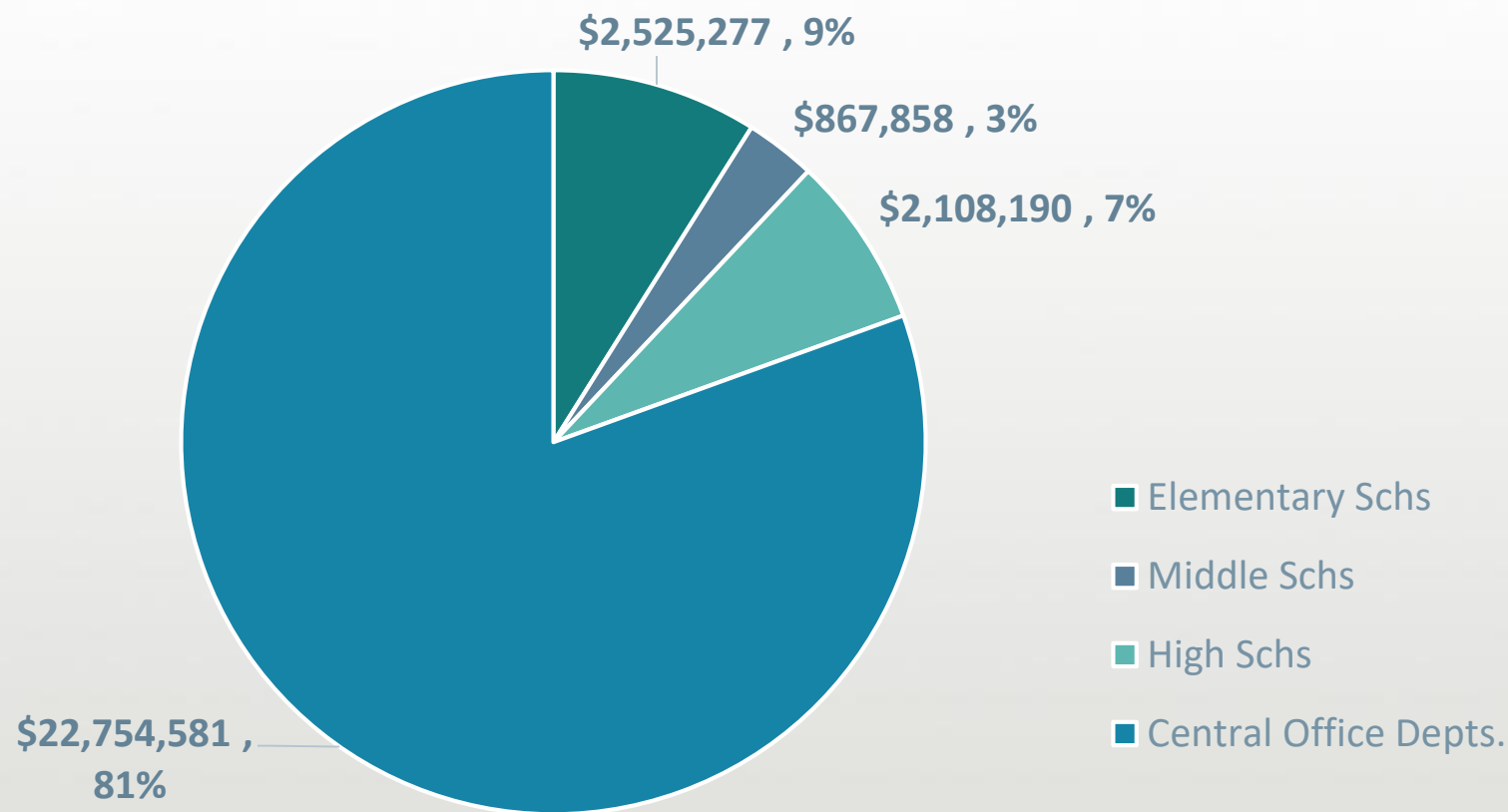
Scope of Analysis

- **Full fiscal year (FY2017)**
- **General Fund only (Fund 01)**
 - Excludes Adult Ed, Nutrition Srvcs, Early Childhood, and Facilities
- **Object codes: all 5800 object codes**
 - 2016-2017 unaudited actuals: \$58,195,700

Contract Funding Sources from FY2017: Unrestricted and Restricted Resources

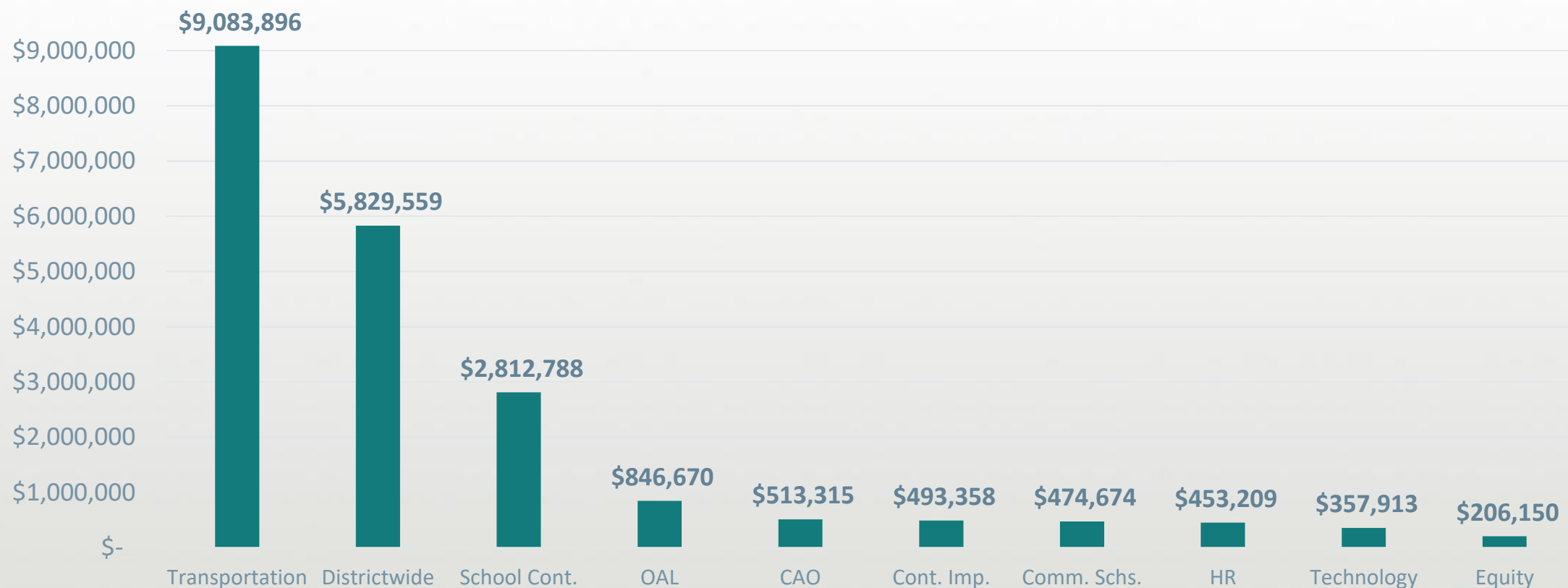


Location Type for Unrestricted Resource Contracts: Large proportion of contracts initiated in Central Office



Top 10 Departments by Contract Amount:

Three sites comprise 78% of total



Deeper Dive into Transportation Contracts:

Vendors secured primarily to support students with disabilities

- Transportation spent just over \$9 million in contracts in FY2017.
- In FY2017, **one contract to First Student made up 86%** of the total spent in transportation.
- Two other contractors, **Friendly Transportation** and **1st American Transit**, comprised another **11%** of total spending.
- The remaining **3%** were comprised of agreements with parents and/or guardians for transportation reimbursement.

Deeper Dive into Districtwide:

75% of \$5.8 million comprised of 10 vendors

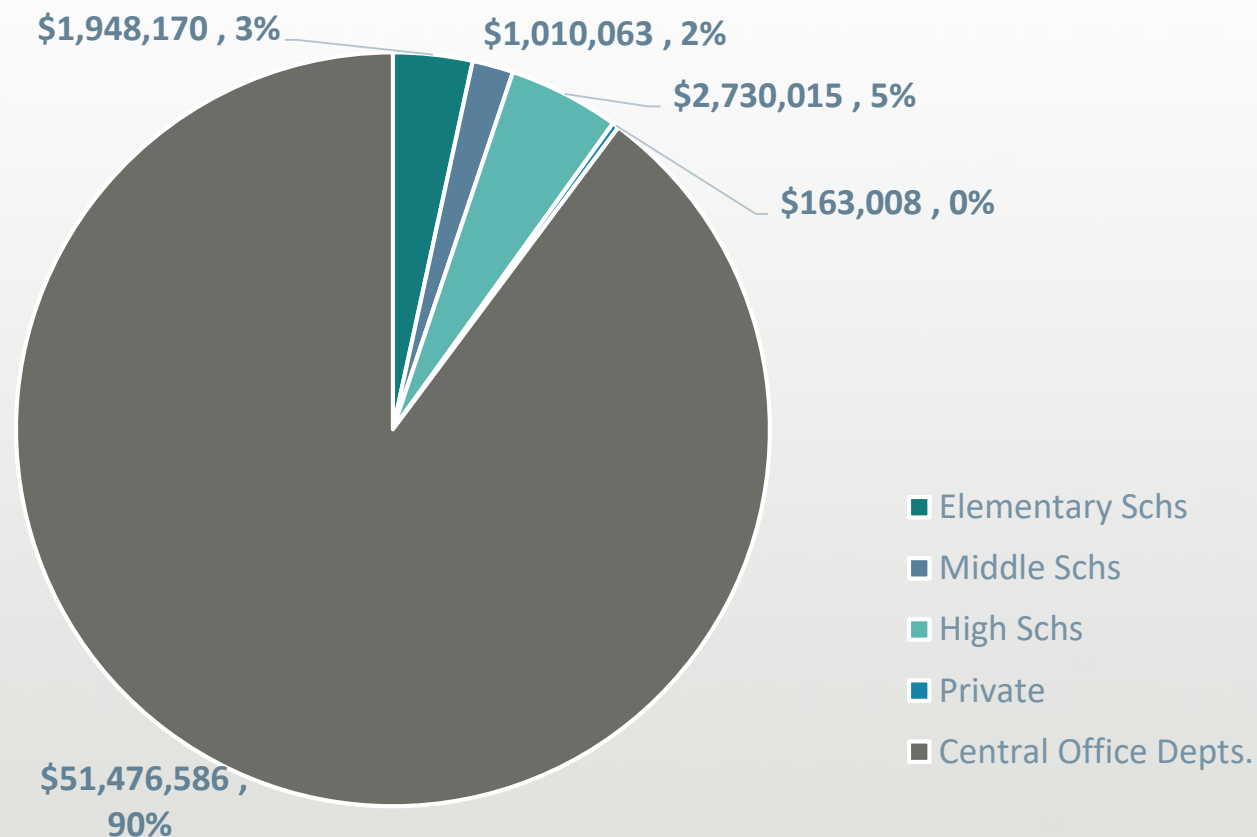
Vendor	Amount	Percentage
Alameda County Registrar Voters	\$ 650,620	11%
Union Bank - Acct	\$ 604,742	10%
VTD - Auditors	\$ 467,600	8%
Sungard Public Sector	\$ 441,633	8%
School Innovations & Advocacy	\$ 433,900	7%
Direct Cash Customer	\$ 417,270	7%
Robert Half	\$ 363,385	6%
Knowledge Delivery Systems, Inc.	\$ 354,230	6%
Oakland Public Education Fund	\$ 343,400	6%
SHI International Corporation	\$ 270,631	5%

Deeper Dive into School Contingency:

78% of \$2.8 million comprised of 8 vendors

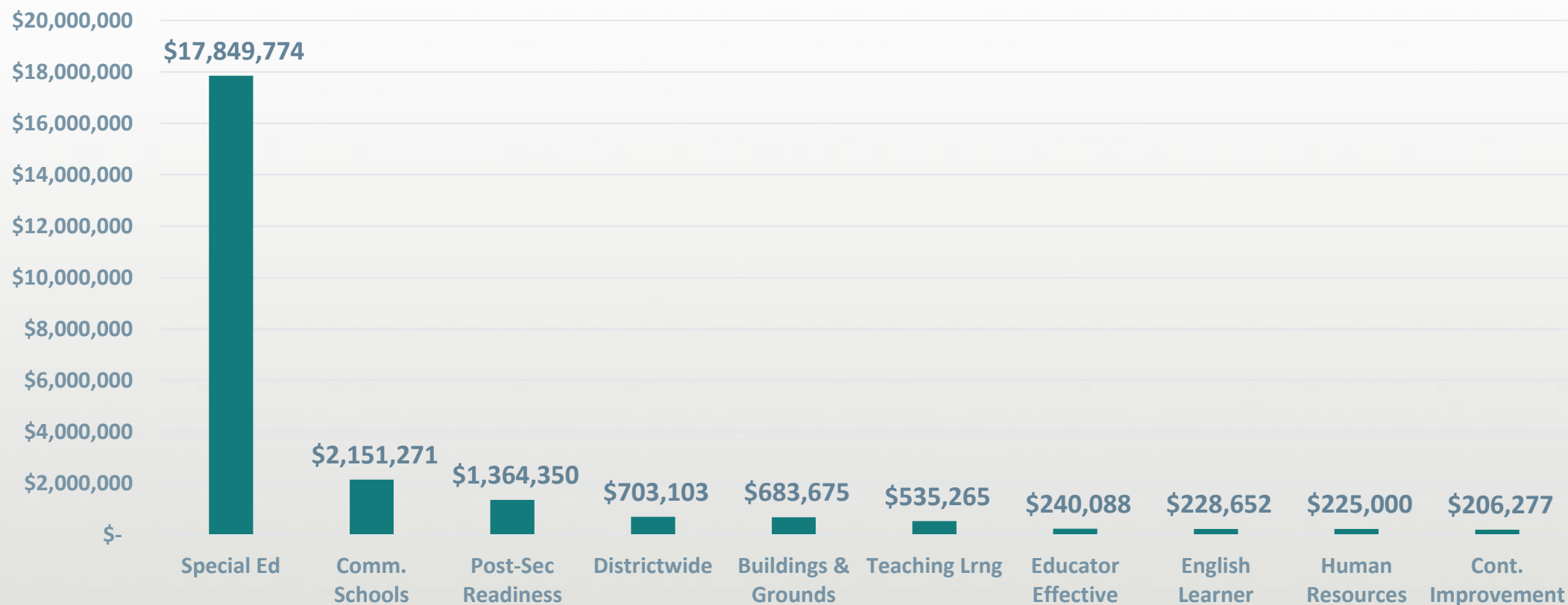
Vendor	Amount	Percentage
Escape Technology	\$ 616,191	22%
Springboard Collaborative	\$ 250,000	9%
Alameda County Office of Education	\$ 243,333	9%
City of Oakland Parking Permit	\$ 218,865	8%
Blueprint Schools Network, Inc.	\$ 200,000	7%
Moving Forward Education	\$ 196,000	7%
SchoolMint, Inc.	\$ 178,250	6%
Partners in School Innovation	\$ 169,000	6%
YMCA of the East Bay	\$ 118,452	4%

Location Type for Restricted Resource Contracts: Large proportion of contracts initiated in Central Office



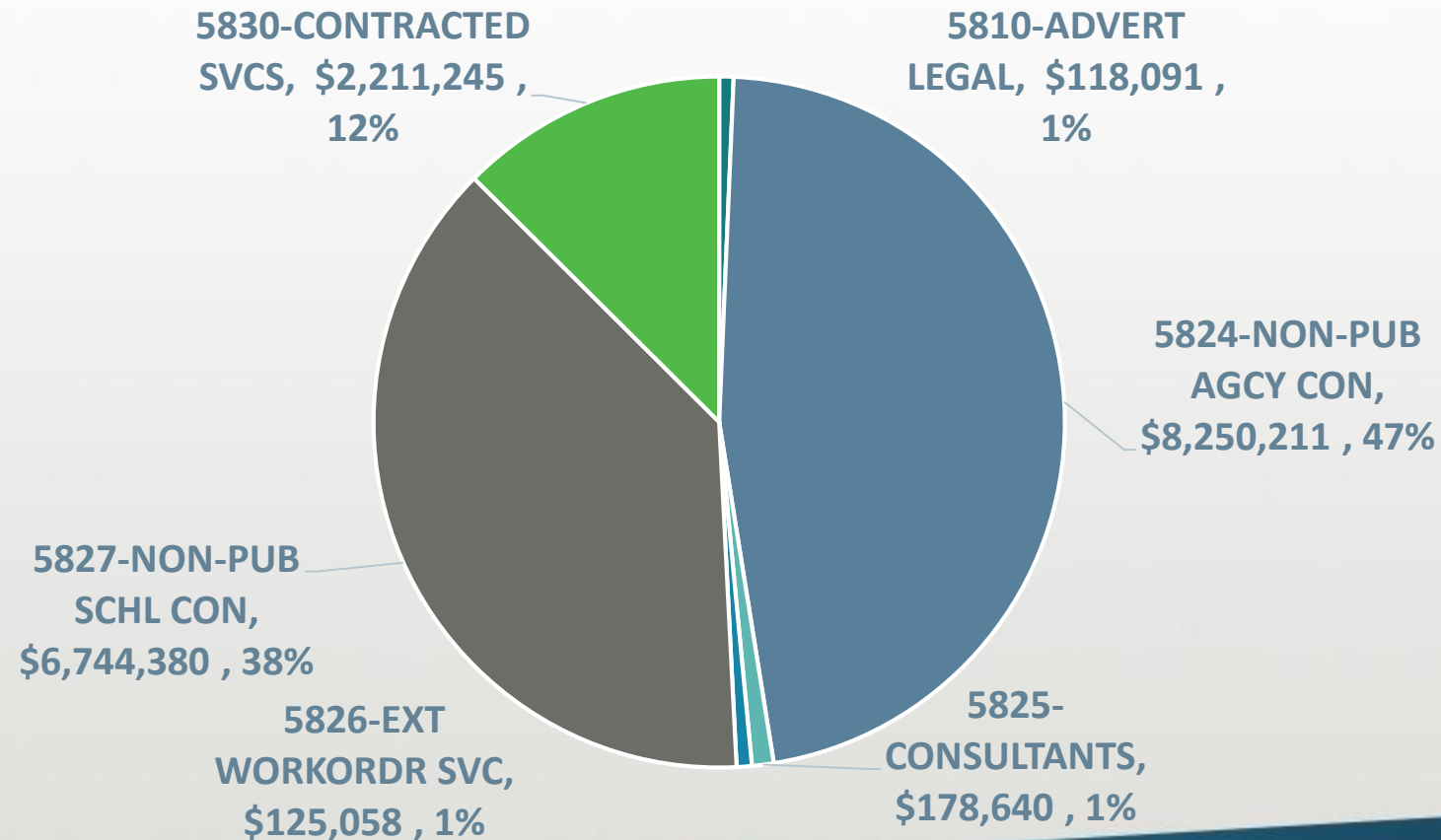
Top 10 Departments by Contract Amount:

Three sites comprise 89% of total spending



Special Education Spending by Object Code:

85% of spending for non-public agencies or services



Deeper Dive into Special Education Contracts:

Vendors secured primarily for non-public agency or services

- Transportation spent just under \$18 million in contracts in FY2017.
- Among largest contracts were non-public agencies or services such as: **Speech Pathology Group, Spectrum Center, and Alameda County Behavioral Health Services.**
- There were 94 vendors that special education contracted with during the FY2017 school year.

Deeper Dive into Comm. Schools & Std. Services:

97% of net \$2.1 million comprised of 3 vendors

Vendor	Amount	Percentage
Alameda County Health Care Services	\$ 1,375,000	64%
East Bay Asian Youth Center	\$ 418,839	19%
Catholic Charities of the East Bay	\$ 289,908	13%

- This site shows a net spend on 58XX object codes of \$2.1 million for FY2017.
- However, there is a \$2.3 million credit (effectively lowering the aggregate amount) in these accounts throughout the fiscal year.
 - This is likely worth further investigation to understand the accounting.
- This site also had a large volume of contracts (97 in total).

Deeper Dive into Post-Secondary Readiness:

97% of net \$1.4 million comprised of 4 vendors

Vendor	Amount	Percentage
ALAMEDA COUNTY HEALTH CARE SER	\$ 449,528	33%
BLUEPRINT SCHOOLS NETWORK, INC	\$ 235,000	17%
OAKLAND PUBLIC EDUCATION FUND	\$ 203,207	15%
AP EXAMINATIONS	\$ 189,159	14%
EAST BAY COLLEGE FUND	\$ 160,000	12%

- This site shows a net spend on 58XX object codes of \$1.4 million for FY2017.
- However, there is a \$1.1 million credit (effectively lowering the aggregate amount) in these accounts throughout the fiscal year.
 - This is likely worth further investigation to understand the accounting.

Suggested Areas for Further Review (FY2018)



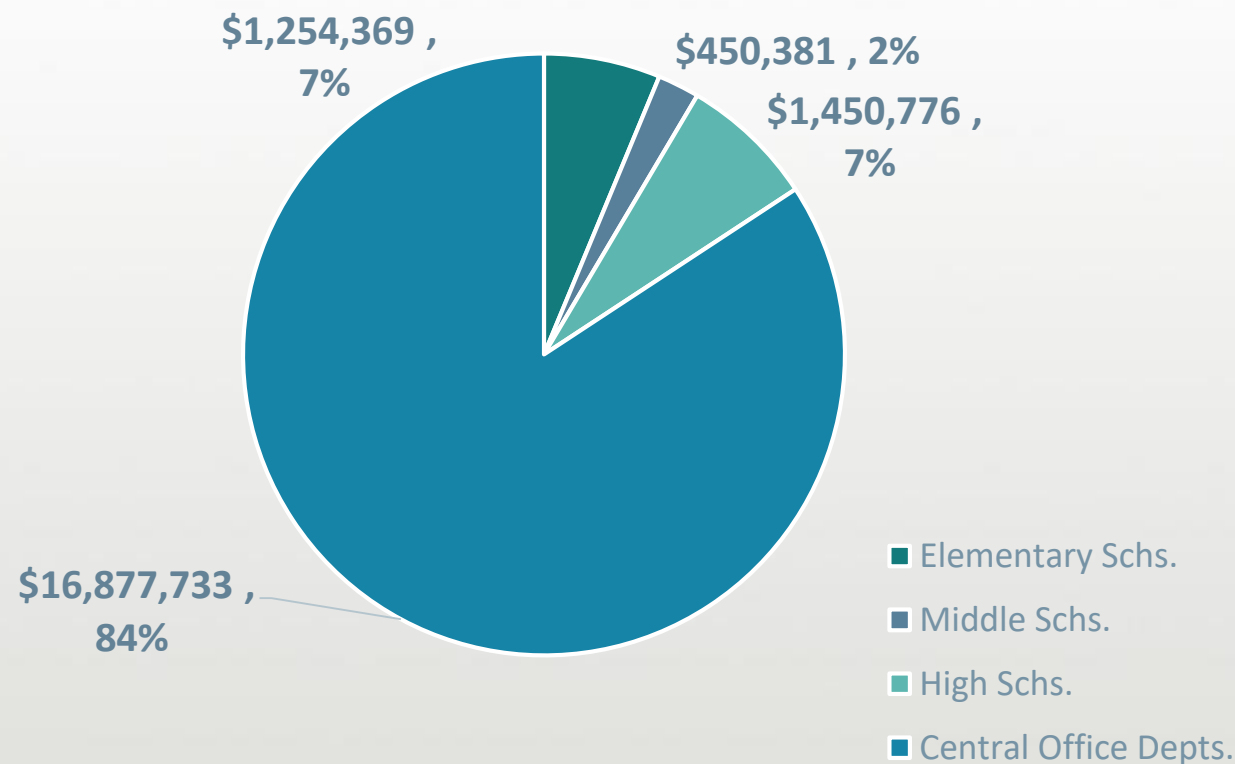
Contract Funding Sources from FY2018*: Unrestricted and Restricted Resources - \$44M in spending



Observations of FY2018 contract spending

- **Spending on contracts for restricted resources** are very often governed by federal or state mandates
 - Examples include: spending for an IEP with a student, resource tied directly to a program (after-school care), or restricted use (Title III)
- **Large proportion goes into special education programming** which indicates that curtailing spending needs to come through management of program, not cutting contracts
- Therefore, focus on specific areas where unrestricted resources are used for contracts

Location Type for Unrestricted Resource Contracts*: Largest proportion of contract initiation are in Central Office

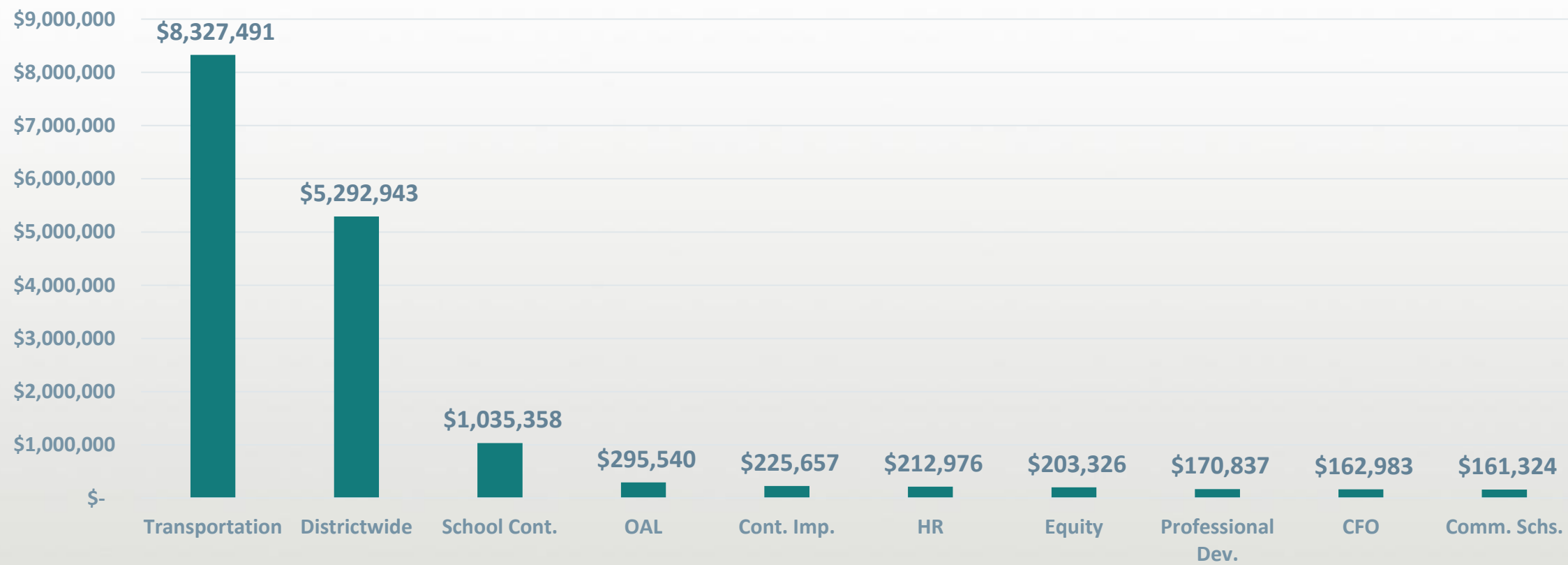


Unrestricted resource contract spending*

- For FY2018, 16% of contracts were initiated by school sites totaling \$3.1 million.
 - \$752,000 of that spending was for MOUs with Gateway and Street Academy for high school transition programming.
 - The remaining \$2.35 million were site-allocated dollars to be used at the discretion of the school.
- For FY2019, it is unlikely that any savings could be captured of the \$2.35 million ***unless there was: (a) reduction in allocation to schools and (b) guidance to schools about initiation of contracts***

Top 10 Departments by Contract Amount*:

Three sites comprise 87% of total



Central Office unrestricted resource contracts*

- For FY2018, 84% of contracts were initiated by Central Office departments totaling \$16.8 million.
- Transportation accounts for \$8.3 million (50%) of that spending.
 - *In the case of OUSD these contracts are highly linked to special education and offers for transportation.*
 - *Some vendors that are not linked to special education programming may be opportunities for savings sooner.*
- The other top 3 central office departments include: districtwide and school contingency. These are discussed further below.

Deeper Dive into Districtwide, FY2018:

78% of \$5.3 million comprised of 14 vendors

Vendor	Amount	Percentage
ALAMEDA COUNTY OFFICE OF EDUCA	\$ 1,129,500	21%
(blank)	\$ 397,556	8%
POWERSCHOOL GROUP,	\$ 356,004	7%
DIRECT CASH CUSTOMER	\$ 315,243	6%
PUBLIC CONSULTING GROUP	\$ 281,825	5%
SHI INTERNATIONAL CORP.	\$ 273,244	5%
ESCAPE TECHNOLOGY	\$ 248,530	5%
ROBERT HALF	\$ 210,355	4%
ILLUMINATED EDUCATION	\$ 197,901	4%
EAGLE SOFTWARE,	\$ 194,038	4%
CITY OF OAKLAND PARKING PARTNE	\$ 179,500	3%
VAVRINEK TRINE DAY AND CO,	\$ 148,300	3%
SCHOOLMINT, INC.	\$ 114,833	2%
CDW-G	\$ 102,194	2%

- There is some overlap between contracts from FY2017 and FY2018, e.g., Robert Half, Illuminate Ed., VTD, etc. while others are one-time.
- ***Suggest staff investigate each of these contracts to: (a) Identify potential renegotiation with ongoing vendors (or cancel if appropriate), and (b) evaluate one-time agreements and if not needed, not renew.***

Deeper Dive into School Contingency, FY2018:

78% of net \$1.0 million comprised of 14 vendors

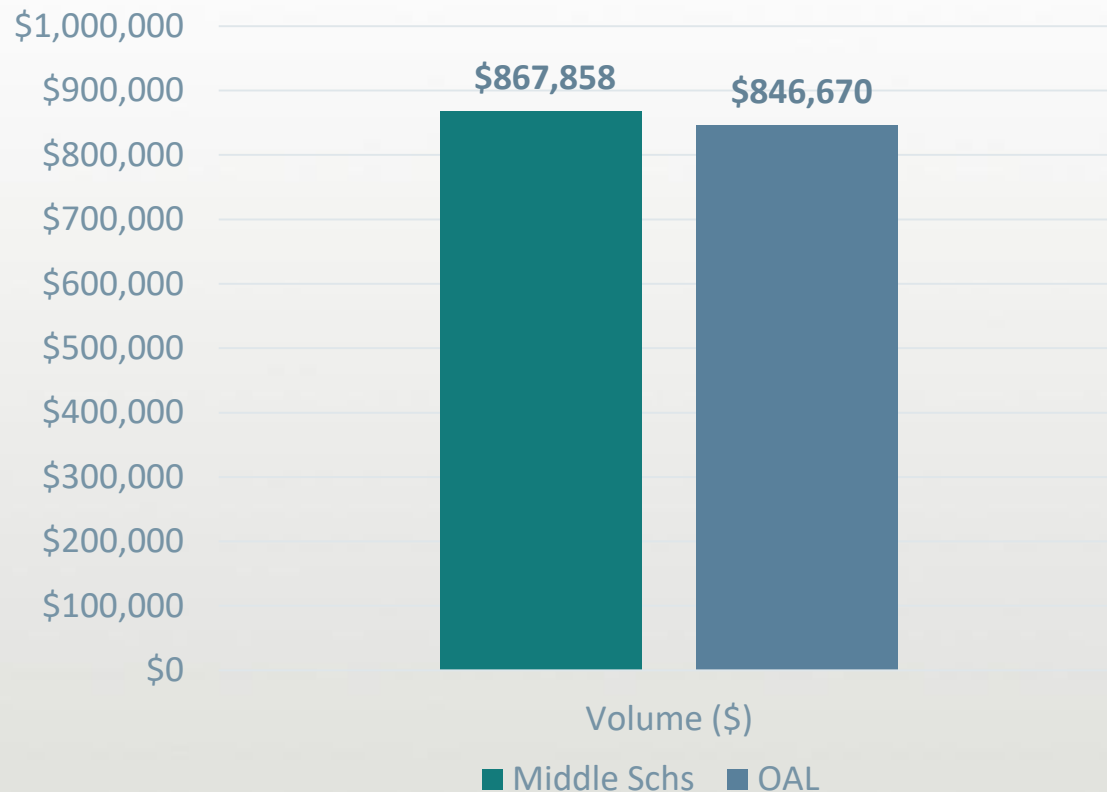
Vendor	Amount
ESCAPE TECHNOLOGY	\$616,191
SPRINGBOARD COLLABORATIVE	\$250,000
ALAMEDA COUNTY OFFICE OF EDUCA	\$243,333
CITY OF OAKLAND PARKING PARTNE	\$218,865
BLUEPRINT SCHOOLS NETWORK, INC	\$200,000
MOVING FORWARD EDUCATION,	\$196,000
SCHOOLMINT, INC.	\$178,250
PARTNERS IN SCHOOL INNOVATION	\$169,000
YMCA OF THE EAST BAY	\$118,452

- There is some overlap between contracts from FY2017 and FY2018, e.g., Springboard, Partners in School Innovation, etc. while others are one-time.
- ***Suggest staff investigate each of these contracts to: (a) Identify potential renegotiation with ongoing vendors (or cancel if appropriate), and (b) evaluate one-time agreements and if not needed, not renew.***
- ***Also, this site includes a credit that reduces the net amount shown for the site. This should also be investigated as an opportunity to understand the appropriate accounting for these activities.***

Remaining Central Office departments*

- After accounting for the top 3 Central Office departments, what remains are 33 departments with an aggregate of \$2.0 million in spending to date.
- Upon investigation many of these contracts appear to be linked to operation of the programming.
 - ***Since Central Office departments have not yet budgeted for contracts in FY2019, it is advisable that OUSD build a process that would 'lock' the 58XX object codes.***
 - ***Then set an efficient process for review and initiation of contracts in the unrestricted General Fund.***

Contract volume compared to size: School- versus central-based



- As an example, comparing **all middle schools** to **OAL** in FY2017.
- Both spent approximately the same on contracts.
- However, the middle schools generated nearly 2.5x the number of contracts (70 compared to 30) of OAL.

Consider master contracts to reduce volume*

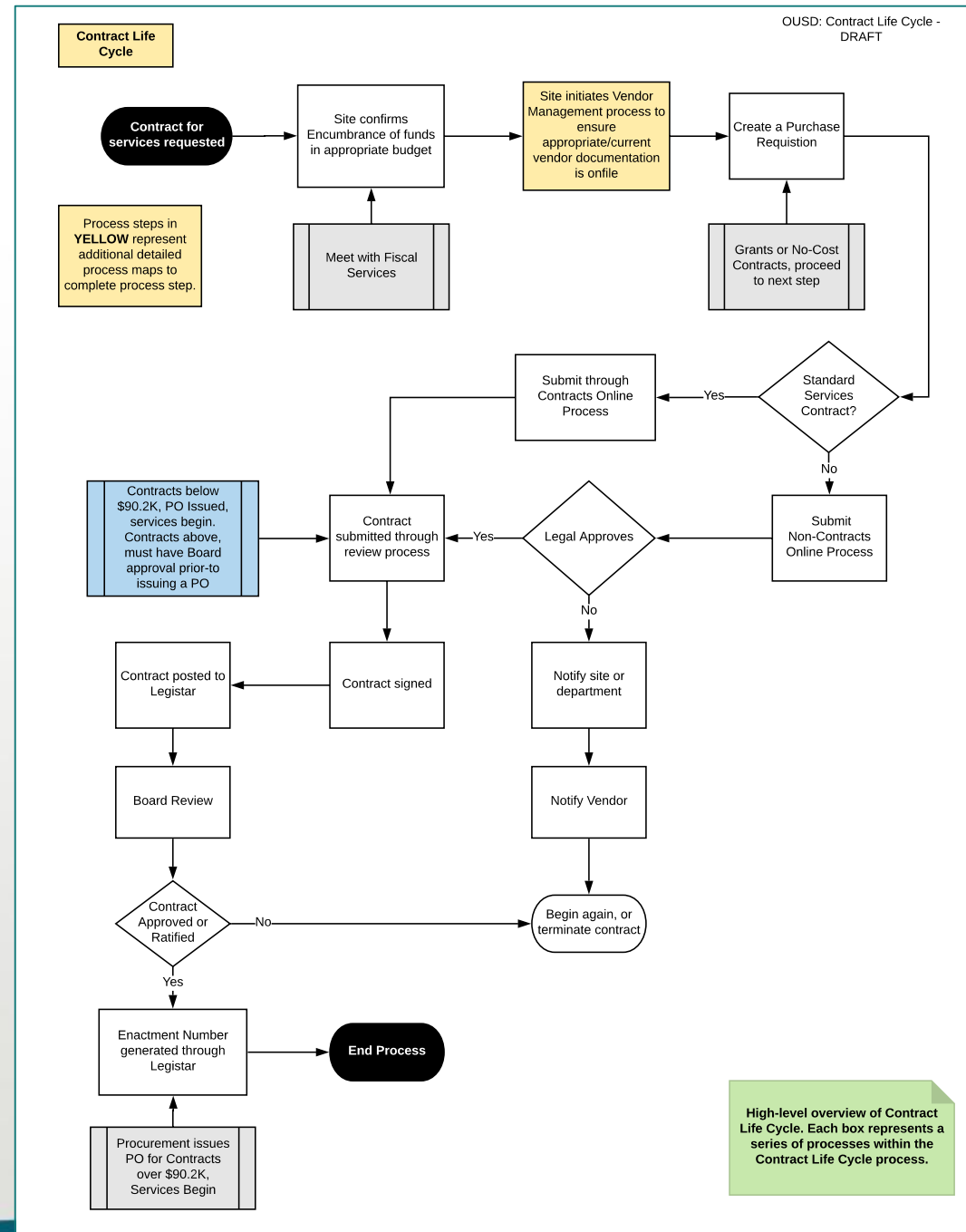
Analysis shows opportunities for master contracts in unrestricted resources with the following vendors:

- Name (FY2018 Amount) (#sites)

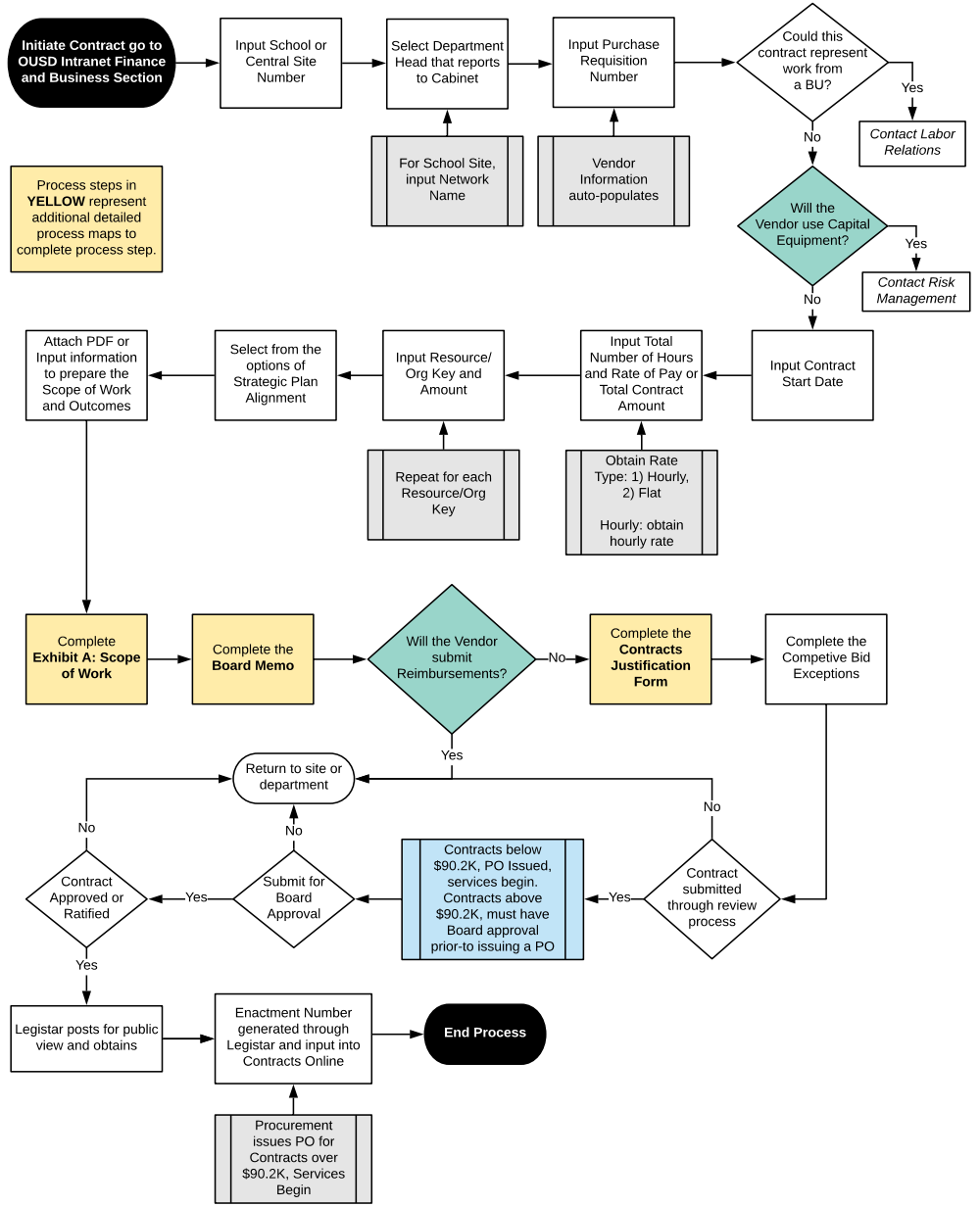
<ul style="list-style-type: none"> • Bay Area Comm. Res. (\$145K) (5) • East Bay Asian Youth (\$135K) (3) • Playworks (\$109K) (6) • Charter Bros Inc. (\$107K) (13) • Attitude Healing Connect (\$84K) (6) 	<ul style="list-style-type: none"> • Hero (\$79K) (4) • Destiny Arts Center (\$69K) (5) • Reading Partners (\$65K) (5) • Mind Institute (\$62K) (21) • Learning A-Z (\$37K) (18)
--	---

Process Maps & Contract Timing



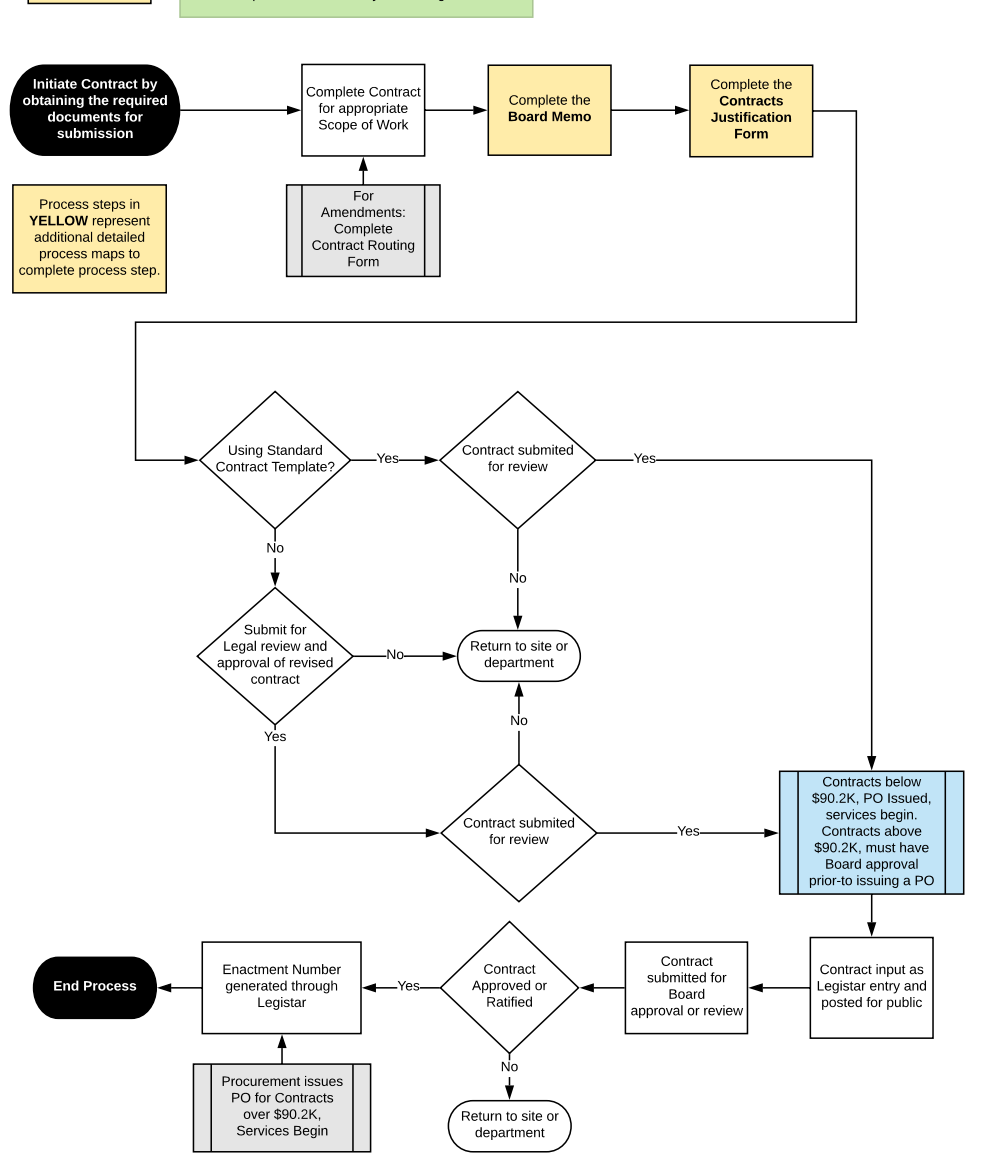


IMPORTANT:
If you are unsure how to answer any portion of the process, please consult with your manager.



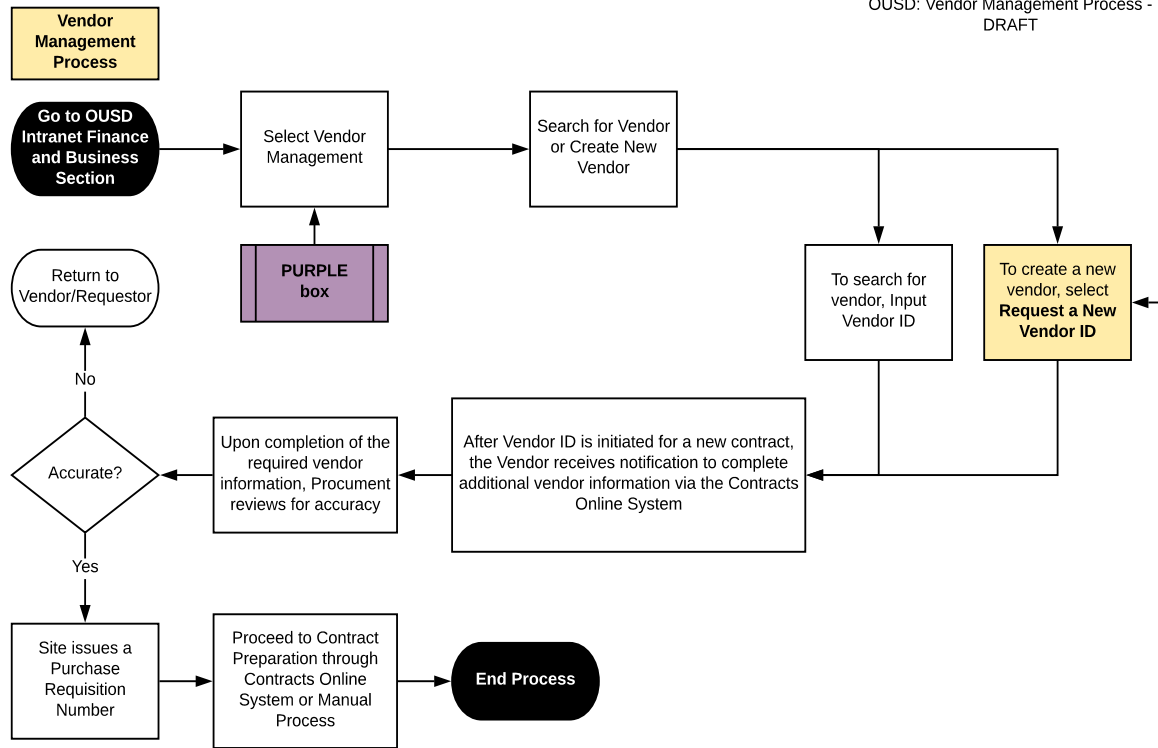
Process steps in **YELLOW** represent additional detailed process maps to complete process step.

IMPORTANT:
If you are unsure about any portion of the process, please consult with your manager.



Process steps in **YELLOW** represent additional detailed process maps to complete process step.

OUSD: Vendor Management Process -
DRAFT



Request a New
Vendor ID/
Maintenance

Setup a New
Vendor

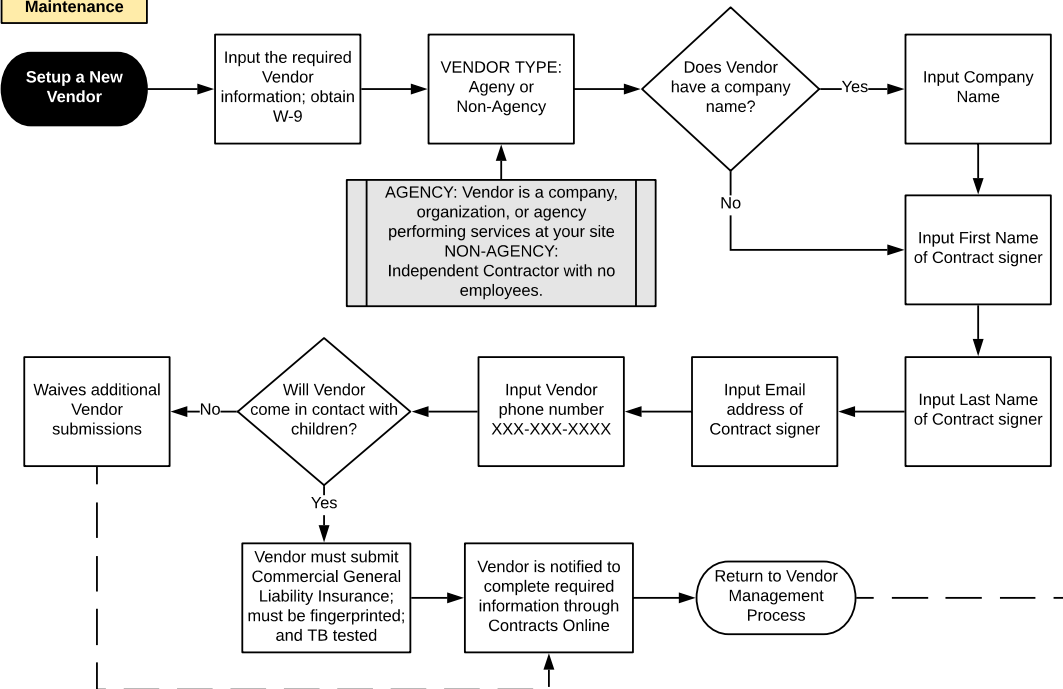


Exhibit A: Scope of Work

Input responses to Exhibit A: Scope of Work

Detailed Scope of Work: (When it is input) Provide a description of the service(s) the contractor will provide. Be specific about WHAT service(s) OUSD is purchasing and WHAT this Contractor will do.

Example: Contractor will provide a tutoring program at <School Site Name> throughout the academic school year. In collaboration with school leadership and school teaching staff, Contractor will place a full time Site Coordinator for school site to allow for strong coordination and communication between themselves and school staff and will identify students in need based on school intervention planning. Contractor will recruit, hire, and train tutors to work with identified students.

Specific Outcomes: What are the expected outcomes from the services of this Contract? Be specific. For example, as a result of the service(s):

- 1) How many more Oakland children are graduating from high school?
- 2) How many more Oakland children are attending school 95% or more?
- 3) How many more students have meaningful internships and/or paying jobs?
- 4) How many more Oakland children have access to, and use, the health services they need?

Provide details of program participation (Students will...) and measurable outcomes (Participants will be able to...). NOT THE GOALS OF THE SITE OR DEPARTMENT.

Example: As a result of consulting services that will be provided by consultant, Goal for students reading six month to one year below grade level: Students will be able to read at grade level by the end of the year. Goal for students reading one to two and a half below grade level: students will increase their reading levels by one grade level. Students will accelerate their rate of learning and will increase their rate of reading development, as measured by the Rigby PM Benchmark (independent level). Students will demonstrate increased self-confidence related to reading, as measured by teachers and student survey.

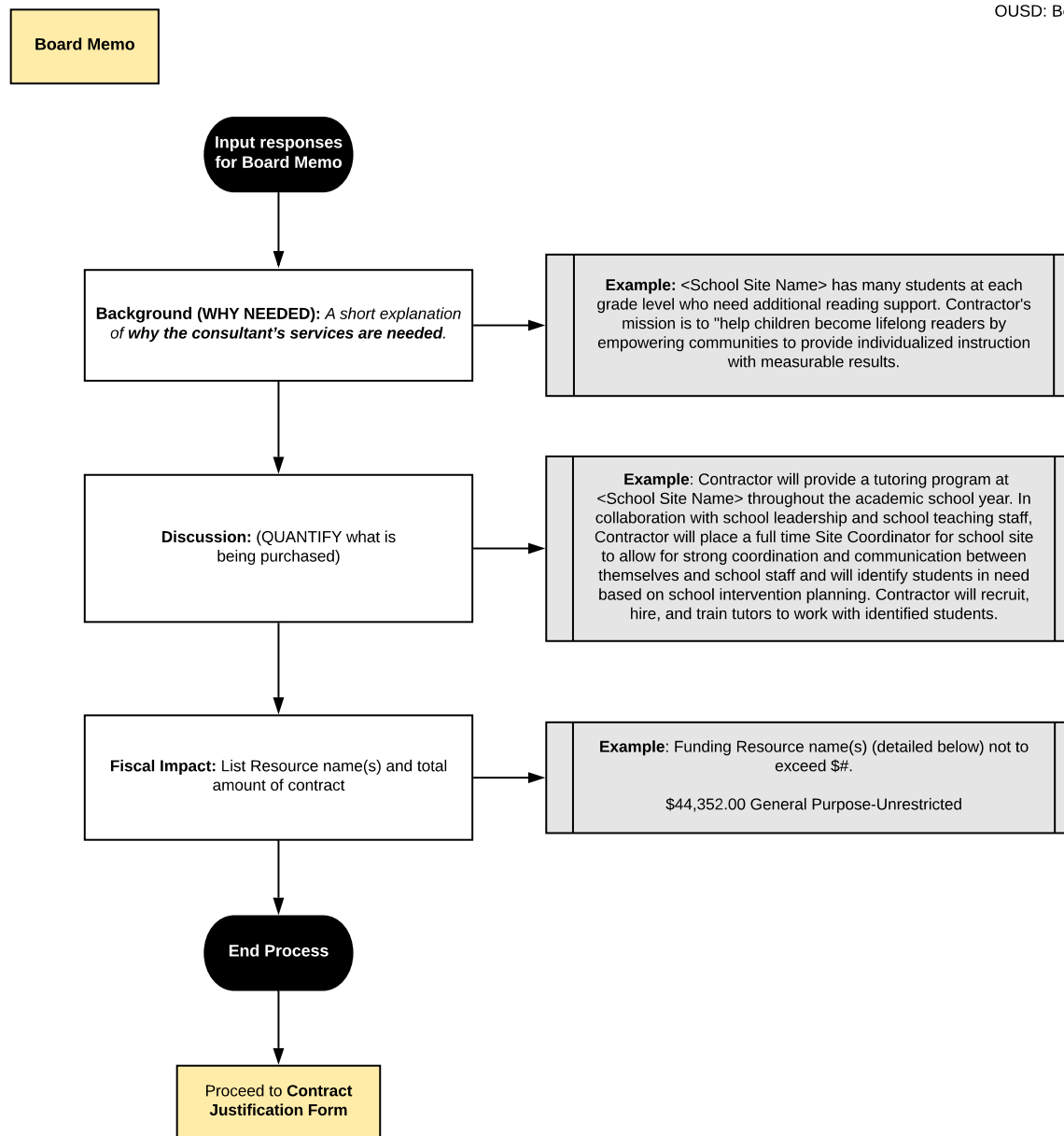
Alignment to District Strategic Plan:
Indicate the goals and visions supported by the services of this contract:

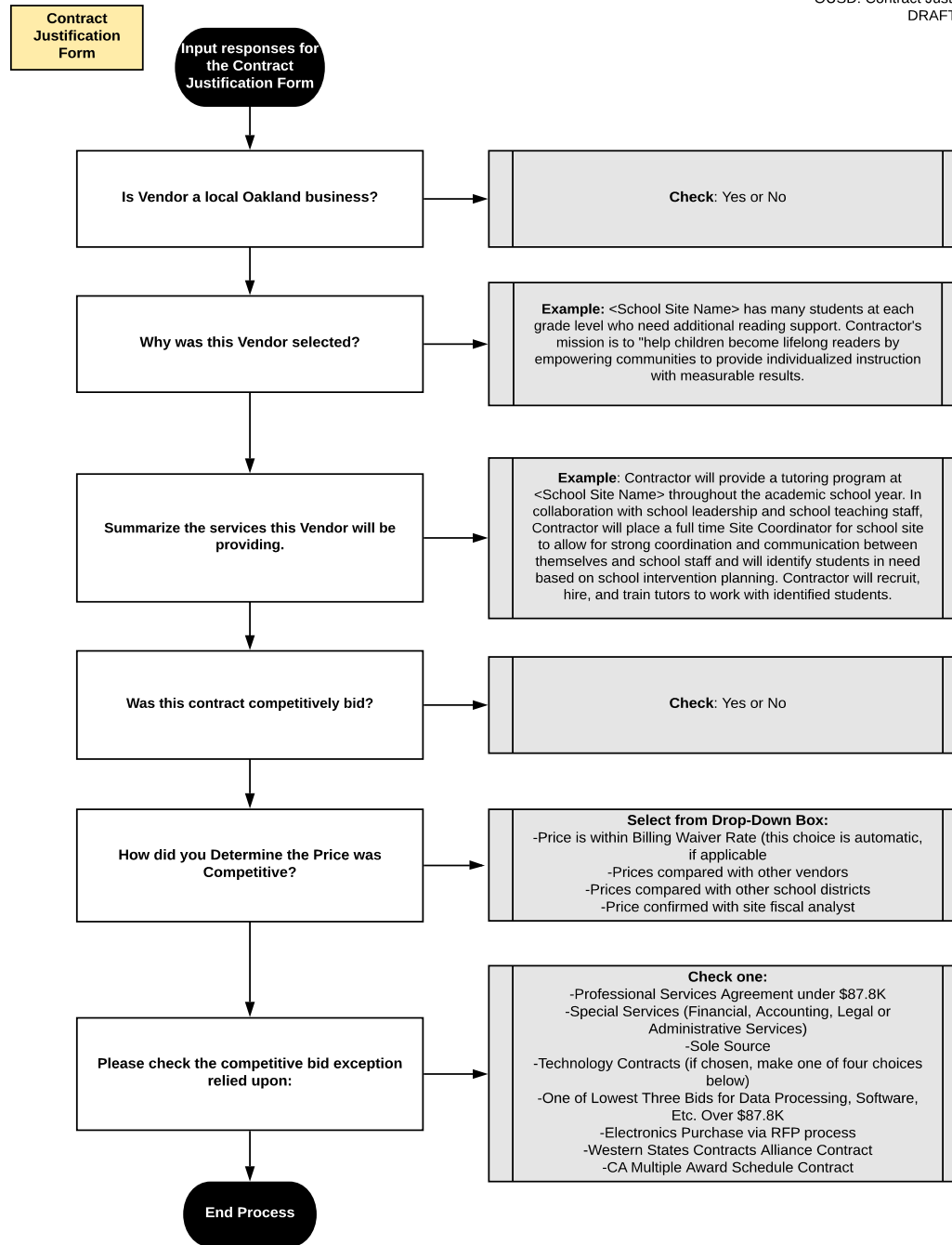
- Check all that apply:**
- Ensure a high quality instructional core
 - Develop social, emotional and physical health
 - Create equitable opportunities for learning
 - High quality and effective instruction
 - Prepare students for success in college and careers
 - Safe, healthy and supportive schools
 - Accountable for quality
 - Full service community district

Alignment with Community School Strategic Site Plan – CSSSP (required if using State or Federal Funds):

- Select one:**
- Action Item included in Board Approved CSSSP (no additional documentation required) – Item Number: _____
- (or)
- Action Item added as modification to Board Approved CSSSP – Submit the following documents to the Resource Manager either electronically via email of scanned documents, fax or drop off.
1. Relevant page of CSSSP with action item highlighted. Page must include header with the word "Modified", modification date, school site name, both principal and school site council chair initials and date.
 2. Meeting announcement for meeting in which the CSSSP modification was approved.
 3. Minutes for meeting in which the CSSSP modification was approved indicating approval of the modification.
 4. Sign-in sheet for meeting in which the CSSSP modification was approved.

End Process





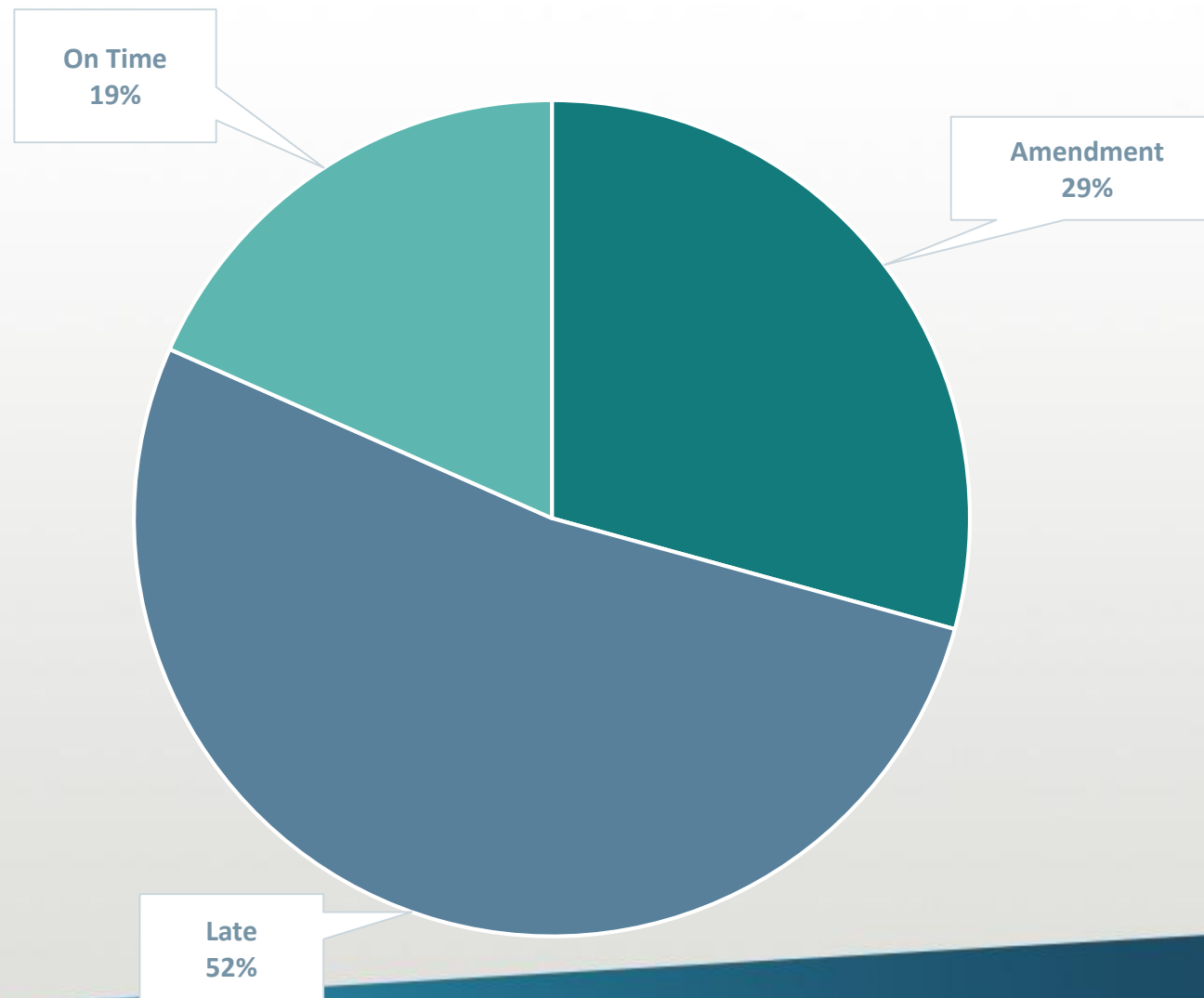
Preliminary Analysis of Contracts in Legistar with a Final Status Summarized by Document Category

Document Category	Count	Sum of Contract Amount
Accounting Services	3	\$ 174,600
Amendment	138	\$ 176,382,793
Grant Agreement	30	\$ 4,515,629
Internship Agreement	2	\$ 12,968
IT Agreement	19	\$ 981,159
Memorandum of Understanding	128	\$ 10,496,612
Piggyback Contract	4	\$ 442,238
Professional Services Contract	374	\$ 10,267,874
Resolution	6	\$ 13,028,374
Student Services	9	\$ 761,131
Transportation Services Agreement	2	\$ 488,300
Grand Total	715	\$ 217,551,678

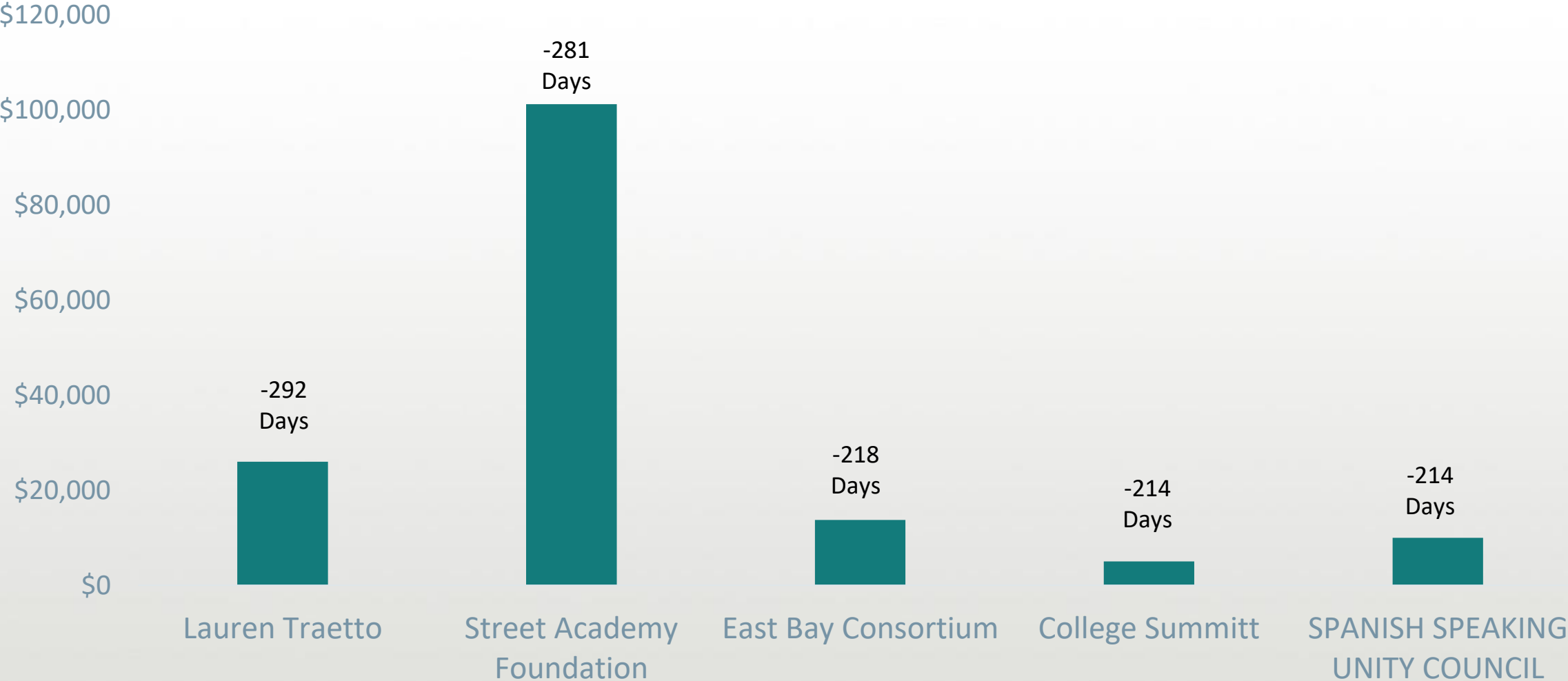
Timeliness of Requests for Board Approval

Analysis Excludes Professional Services Contracts

July 1, 2017 - present



OUSD Contracts Online – 2017-18 Top 5 Vendors with Highest Contract Initiation Gap



OUSD Contracts Online:

Top 5 Vendors with Highest Contract Initiation Gap

- 1. Trauma-Informed Services Writing Workshop – Integrating Curriculum**
- 2. Street Academy – Internship & College Readiness**
- 3. East Bay Consortium – College & Career Center**
- 4. College Summit – Peer Forward Advisors**
- 5. Spanish Speaking Unity Council – Accelerated Support**

Recommendations

Recommendation #1 - Immediate

In preparation for budget reductions for FY2019:

- Investigate transportation contracts not linked to special education programming for savings opportunities.
- School-level per pupil might include (a) reduction in allocation to and (b) guidance to schools about initiation of contracts.
- Investigate contracts to in 998 and 999 to: (a) Identify potential renegotiation with ongoing vendors (or cancel if appropriate), and (b) evaluate one-time agreements and if not needed, not renew.

Recommendation #1 – Potential Savings

Area	Amount	Next Steps
School-based allocation reduction (5% of FY2018 contract spending as of 5/1)	\$115K	Decision to initiate school-based reduction; focus on contracts
Special education program , maintain previous year spending through monitoring student entry/exit	\$0	Continued monitoring and improvement of agreements put in place for special education
Site 998/999 contracts review , one-time and ongoing	\$500K	Establish workgroup to review, assess and recommend changes
Remaining central office depts. contract review process (25% of FY2018 contract spending as of 5/1)	\$400K	Establish workgroup to establish process, initiate, and monitor through first quarter of fiscal year

Recommendation #2 – Short-term

Create a method to easily disaggregate spending in 58XX object codes as a means to explain restricted versus unrestricted spending.

- Currently OUSD does not have a way to distinguish between mandatory contracting, e.g., banking services to processes checks versus discretionary choices, e.g., contract with county services for additional supports to students
- Establishing these guidelines may create opportunity for more discrete and precise discussion about contracting

Recommendation #3 - Short-term

Consider instituting master contracts wherever possible; engage schools and department heads to meet timelines

- OUSD generates a tremendous number of contracts throughout the year which puts a lot of pressure on a small number of individuals to process contracts.
- This often delays the process and potentially creates redundancies.
- Establishing master contracts for annual, frequently used vendors may help to reduce that volume.

Recommendation #4 – Long-term

Set a time early in budget development to analyze, review and decide on contracting for subset of sites

- From the analysis we see that there are a handful of Central Office and school sites that generate a large portion of the contracting for the school district.
- Set a schedule to work with those program staff to review and set-up contractors for the upcoming school year.
- This includes: transportation, districtwide, school contingency, special education, comm. srvcs./std. services, post-sec. readiness

Recommendation #5 – Long-term

Define roles and responsibilities of each department and establish routine training and support.

- Define the roles and responsibilities of procurement, legal, site, finance, approvers, and the board to strengthen internal controls.
- Set a regular training schedule for all individuals and departments initiating contracts; focus attention on sites that indicate a need for additional support.
- Annually review the contract approval process to ensure each stage of the process, including forms, are necessary to the process,