

District's Initial Response, August 27, 2008

to the

**OAKLAND UNIFIED SCHOOL DISTRICT
2005-06 AUDIT REPORT
Year Ending June 30, 2006**

**Audit Performed by:
California State Controllers Office**

Purpose:

School District's position on Auditor "Findings and Recommendations" [Pages 94 – 219] from 2005-05 audit report.

Introduction:

The 2005-06 Audit Report was presented to the District's Audit Committee on August 14, 2008 by representatives of the State Controller's Office. The Audit Committee directed the Superintendent to report on the progress of work being done to address the audit findings at subsequent Audit Committee meetings.

This report being shared with the full Board contains the District's initial responses to the 53 audit findings and recommendations presented by the SCO audit team for the 2005-06 audit. Comments are based on notes from SCO/District meetings, district financial records and current financial statements, reports and control systems. The District financial services employees responsible for preparing the 2005-06 audited financial statements were unavailable to comment on the rationale behind their financial transactions.

It is the district's intention to address every SCO audit finding and recommendation in current district financial operations. The time difference between the audited timeframe and the current Multi-Year Fiscal and Educational Sustainability plan is challenging. These responses focus on current operations while considering the undocumented historical financial transactions reported on in the 2005-06 audit.

A letter (attached) has been sent to various district employees to respond to each of the 53 findings, indicating whether the finding already has been addressed/corrected, and if not, how it will be addressed/corrected in the 2008-09 fiscal year. Updated reports will be presented to the Audit Committee on a regular basis until all findings are addressed/corrected and reflected in current District operations.

District comments and analysis of 2005-06 SCO Findings and Recommendations:

FINANCIAL STATEMENT FINDINGS			
<p><u>Finding #06-01</u> Minimum financial reserves not met. (refer to page 94)</p>	<p><u>SCO Comment:</u> District must maintain a minimum 2% reserve- \$8,015,131 District's Reserve- \$6,485,665 Reserve for Uncertainty - \$1,422,817. District out of compliance with Ed. Code section 33128.3</p>	<p><u>District Comment:</u> Our review of the 2005-06 Unaudited Actuals Districts Reserve- \$7,359,762 Reserve for Uncertainty- \$3,196,914</p> <p>Although our analysis of Reserve for Uncertainty is greater than SCO it still does not meet the minimum, 2% reserve.</p> <p>Special note-our analysis of the 2006-07 Unaudited Actuals (9/15/2007) shows District's Reserve \$17,218,714 Reserve for Uncertainty- \$12,914,233 2% reserve minimum, met with anticipation that the 2007-08 2% reserve will be met.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>

<p><u>Finding #06-02</u> Documentation request delay and report inaccuracies. (refer to page 96)</p>	<p><u>SCO Comment:</u> SCO reports that requests for information beginning in 2006 were not provided. Unable to provide an opinion of financial condition of the District. SCO provides a disclaimer for 2005-06 audit</p>	<p><u>District Comment:</u> The District financial services employees responsible for preparing the 2005-06 audited financial statements were unavailable to comment on the rationale behind their financial transactions</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-03</u> Capital asset records incomplete and inaccurate. (refer to page 100)</p>	<p><u>SCO Comment:</u> District does not have an accurate or viable asset documentation and valuation system. Does not meet the required qualifications for Ed. Code 35168, CSAM procedure 430, or GASB 34</p>	<p><u>District Comment:</u> A partial asset documentation system was implemented that did not meet the requirements of GASB 34. The District is currently completing the development of the asset system as a part of the IFAS technology upgrade project.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-04</u> Payroll deficiencies. (refer to page 105)</p>	<p><u>SCO Comment:</u> Accounts not properly recorded on District books. District did not properly reconcile general ledger or bank accounts. Repeat of audit findings in last 3 audits.</p>	<p><u>District Comment:</u> District hired outside audit firm in May of 2008 to assist in the reconciliation of all cash and payroll liability accounts. Completion of reconciliation process targeted for November 2008.</p>	<p><u>Questioned Cost Amount:</u> \$0 Reconciliation of cash and payroll liability accounts may change the fund balances of the affected accounts</p>

<p><u>Finding #06-05</u> Cash account deficiencies. (refer to page 108)</p>	<p><u>SCO Comment:</u> Accounts not properly recorded on District books. District did not properly reconcile general ledger or bank accounts. Repeat of audit findings in last 3 audits.</p>	<p><u>District Comment:</u> District hired outside audit firm in May of 2008 to assist in the reconciliation of all cash and payroll liability accounts. Completion of reconciliation process targeted for November 2008.</p>	<p><u>Questioned Cost Amount:</u> \$0 Reconciliation of cash accounts may change the fund balances of the effected accounts</p>
<p><u>Finding #06-06</u> Associated student body and subsidiary funds not presented and not audited. (refer to page 112)</p>	<p><u>SCO Comment:</u> Improper management of student body accounts and commingling of funds by school sites.</p>	<p><u>District Comment:</u> In 2007-08 fiscal year District began process of identifying all school site accounts and providing a corrective action strategy which includes properly balancing and recording all ASB and subsidiary accounts. (Please refer to the attached memo to school site administrators)</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-07</u> Revenue unauditale. (refer to page 114)</p>	<p><u>SCO Comment:</u> Revenue opinion disclaimed because of revenue not being accurately stated on District books.</p>	<p><u>District Comment:</u> The District has significantly reduced reporting errors in the 2007-08 FY. All revenue sources are supported by appropriate documentation and all accounts are balanced to the General ledger.</p>	<p><u>Questioned Cost Amount:</u> \$0 Reconciliation of cash accounts may change the fund balances of the effected accounts</p>

<p><u>Finding #06-08</u> Accounts receivable unauditible. (refer to page 116)</p>	<p><u>SCO Comment:</u> Accounts receivable opinion disclaimed because of receivables not being properly accrued. Revenue not being accurately stated on District books.</p>	<p><u>District Comment:</u> The District has significantly reduced reporting errors in the 2007-08 FY. All accounts receivable sources are supported by appropriate documentation and all accounts are balanced to the General ledger. This particular area is still a work in process with a target date of May 2009 for completion.</p>	<p><u>Questioned Cost Amount:</u> \$0 Reconciliation of cash accounts may change the fund balances of the effected accounts</p>
<p><u>Finding #06-09</u> Deferred revenue unauditible (refer to page 120)</p>	<p><u>SCO Comment:</u> Accounting transactions not properly recorded in District books. CAT form not balanced</p>	<p><u>District Comment:</u> The District has just completed balancing the CAT form for the 2007-08 Unaudited Actuals</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-10</u> Internal control deficiencies over purchases. (refer to page 121)</p>	<p><u>SCO Comment:</u> Consequence of disclaimer for inaccuracies in cash, payroll, revenue, payables and receivables.</p>	<p><u>District Comment:</u> The District has significantly reduced reporting errors in the 2007-08 FY. All accounts are supported by appropriate documentation and all accounts are balanced to the General ledger. District hired outside audit firm in May of 2008 to assist in the reconciliation of all cash and payroll liability accounts.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>

		<p>Completion of reconciliation process targeted for November 2008. District is in the process of hiring an Internal Control position to monitor proper financial and programmatic</p>	
<p><u>Finding #06-11</u> Accounts payables deficiencies. (refer to page 122)</p>	<p><u>SCO Comment:</u> Did not audit because of issues in the payroll registers and deficiencies in payroll system</p>	<p><u>District Comment:</u> All accounts receivable sources are supported by appropriate documentation and all accounts are balanced to the General ledger. This particular area is still a work in process with a target date of May 2009 for completion.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-12</u> Self-insurance fund deficiencies. (refer to page 123)</p>	<p><u>SCO Comment:</u> District does not properly record revenues and expenditures and long-term obligations in the self-insurance fund</p>	<p><u>District Comment:</u> The District has made significant progress in the proper recording of self-insurance transactions in the current FY. Adjustments from prior years are being completed. A self-insurance actuarial study was completed in 2007-08 FY.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>

<p><u>Finding #06-13</u> Fund balance restatement journal entries not supported by adequate documentation (refer to page 126)</p>	<p><u>SCO Comment:</u> Reporting of revenues and expenditures in incorrect fiscal years. SCO disclaims opinion on fund balance.</p>	<p><u>District Comment:</u> For the 2007-08 fiscal year the district will present fund balances that are supported by proper documentation as a part of the Unaudited Actual report</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-14</u> Inadequate controls over due to/due from account transactions. (refer to page 127)</p>	<p><u>SCO Comment:</u> Prior-year loans not properly liquidated.</p>	<p><u>District Comment:</u> During the 2007-08 fiscal year district staff completed an extensive review of all due to and due from account transactions. A few entries were still being made to true-up all transactions</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-15</u> Interfund transfer journal entries not supported by adequate documentation. (refer to page 129)</p>	<p><u>SCO Comment:</u> District had inadequate documentation to support interfund transfers.</p>	<p><u>District Comment:</u> During the 2007-08 fiscal year district staff completed an extensive review of all interfund transfer account transactions. Interfund journal transactions have been balanced and verified</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-16</u> Long-term liabilities understated. (refer to page 130)</p>	<p><u>SCO Comment:</u> Disclaimed because of inaccurate reporting of debt activities.</p>	<p><u>District Comment:</u> During the 2007-08 fiscal year district staff completed an extensive review of all long-term debt account transactions. Long-term liabilities have been balanced and verified.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>

<p><u>Finding #06-17</u> Long term debt activity not recorded. (refer to page 132)</p>	<p><u>SCO Comment:</u> Disclaimed because of inaccurate reporting of long term debt.</p>	<p><u>District Comment:</u> During the 2007-08 fiscal year district staff completed an extensive review of all long-term debt account transactions. Long-term debt has been balanced and verified.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-18</u> Deficiencies in accounting for emergency apportionment loan (refer to page 133)</p>	<p><u>SCO Comment:</u> Refinancing of emergency loan not properly recorded.</p>	<p><u>District Comment:</u> All emergency loan accounts have been properly recorded and balanced during the 2007-08 fiscal year.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-19</u> Certificates of participation (COP) debt service payments not accurately reported. (refer to page 136)</p>	<p><u>SCO Comment:</u> District did not accurately record COP's interest, revenue and service charge expenses accurately</p>	<p><u>District Comment:</u> All COP's accounts have been properly recorded and balanced during the 2007-08 fiscal year.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-20</u> Documentation not provided for capital leases. (refer to page 138)</p>	<p><u>SCO Comment:</u> District could not locate lease agreements</p>	<p><u>District Comment:</u> Lease agreements referred to by SCO appear to be site copier leases which were not properly recorded. Review and maintaining of capital leases will be a part of the newly developed fixed asset control system scheduled to be completed in the 2008-09 fiscal year.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>

<p><u>Finding #06-21</u> Conversion entries not posted. (refer to page 139)</p>	<p><u>SCO Comment:</u> District reporting of compensated balances, amortization, depreciation were incomplete and inaccurate.</p>	<p><u>District Comment:</u> Conversion entries from 2006-07 have been reviewed and adjustments made during the 2007-08 fiscal year.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-22</u> Deferred Maintenance grant not properly matched. (refer to page 141)</p>	<p><u>SCO Comment:</u> District used GOB building fund as match for state Deferred Maintenance grant which is unallowable.</p>	<p><u>District Comment:</u> In 2007-08 the District used building fund transfer process prescribed by School Services of California. Matching fund amounts have been balanced to equal OPSC Deferred Maintenance grant funds.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-23</u> County school facilities fund local match not met. (refer to page 143)</p>	<p><u>SCO Comment:</u> District match below the required amount from Ed. Code 17072.30 & 17074.16</p>	<p><u>District Comment:</u> In the 2007-08 fiscal year the District began the process of strengthening the Facilities department accountability processes and functionality.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-24</u> Stores inventory overstated. (refer to page 144)</p>	<p><u>SCO Comment:</u> Stores inventory overstated by \$121,693</p>	<p><u>District Comment:</u> During the close of the 2007-08 books the District is adjusting the stores inventory to a correct amount.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>

<p><u>Finding #06-25</u> Insufficient bidding documentation (refer to page 145)</p>	<p><u>SCO Comment:</u> Repeat finding for identification of person opening bids for District construction contract bidding.</p>	<p><u>District Comment:</u> During the 2007-08 fiscal year the bid opening process has been modified to include a listing of the participants including the person opening the bids.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-26</u> Lack of approval and supervision of construction projects. (refer to page 146)</p>	<p><u>SCO Comment:</u> SCO alleges that District did not have proper supervision of construction projects</p>	<p><u>District Comment:</u> An internal review of construction project supervision in 2007-08 indicates that the District has proper project supervision. In 2007-08 fiscal year the District began the process of strengthening the Facilities department accountability.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p>FEDERAL AWARD FINDINGS</p>			
<p><u>Finding #06-27</u> Internal control deficiencies over federal program expenditures. (refer to page 148)</p>	<p><u>SCO Comment:</u> Expenditures were not properly authorized for payments.</p>	<p><u>District Comment:</u> Accounting procedures were significantly strengthened in the 2007-08 fiscal year. Internal control procedures being strengthened. (refer to page 150 for District response).</p>	<p><u>Questioned Cost Amount:</u> \$317,494 District will work with CDE for intervention with federal government to waive questioned costs. Prognosis is very good.</p>

<p><u>Finding #06-28</u> Inadequate employee time certification records. (refer to page 152)</p>	<p><u>SCO Comment:</u> Asserts that District time records are inadequate.</p>	<p><u>District Comment:</u> In 2007-08 the District has gone back and re-certified time records for staff. District has developed an online process to ensure full compliance. Monitoring of compliance is being done by the Compliance Manager and continues to improve (refer to page 155 for District response).</p>	<p><u>Questioned Cost Amount:</u> \$20,297,079 District will work with CDE for intervention with federal government to waive questioned costs. Prognosis is very good.</p>
<p><u>Finding #06-29</u> National school lunch program: expenditures and reimbursement claim control weaknesses. (refer to page 157)</p>	<p><u>SCO Comment:</u> Testing of program expenditures indicate internal control weaknesses</p>	<p><u>District Comment:</u> Food Service department is strengthening its accountability. New Account just hired. (refer to page 159 for District response).</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-30</u> National school lunch program: discrepancies in reconciling reimbursement claims. (refer to page 160)</p>	<p><u>SCO Comment:</u> Meal claim reconciliation inaccuracies</p>	<p><u>District Comment:</u> Refer to District response on page 161</p>	<p><u>Questioned Cost Amount:</u> \$6,181 Amount is immaterial compared to total reimbursements</p>

<p><u>Finding #06-31</u> National school lunch program: eligibility verification weakness. (refer to page 162)</p>	<p><u>SCO Comment:</u> Inadequate documentation to support program eligibility.</p>	<p><u>District Comment:</u> District disagrees with finding. (refer to District response on page 163)</p>	<p><u>Questioned Cost Amount:</u> \$22,085 District will work with CDE for intervention with federal government to waive questioned costs.</p>
<p><u>Finding #06-32</u> National school lunch program: insufficient documentation. (refer to page 164)</p>	<p><u>SCO Comment:</u> Records to support meal claims were not properly maintained.</p>	<p><u>District Comment:</u> District is automating point of sale process. (refer to District response on page 164)</p>	<p><u>Questioned Cost Amount:</u> \$31,871 District will work with CDE for intervention with federal government to waive questioned costs.</p>
<p><u>Finding #06-33</u> Special education: IEP records not properly maintained. (refer to page 165)</p>	<p><u>SCO Comment:</u> Review of files shows some missing documentation</p>	<p><u>District Comment:</u> Refer to District response on page 167.</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-34</u> Title I: Highly qualified teacher discrepancies. (refer to page 168)</p>	<p><u>SCO Comment:</u> 5 of 8 schools reviewed did not have highly qualified teachers</p>	<p><u>District Comment:</u> District has significantly strengthened system. (refer to District response on page 168)</p>	<p><u>Questioned Cost Amount:</u> \$1,296,229 District will work with CDE for intervention with federal government to waive questioned costs. Prognosis is very good.</p>

STATE AWARD FINDINGS			
<p><u>Finding #06-35</u> Variances in the reconciliation of reported attendance and district summaries. (refer to page 170)</p>	<p><u>SCO Comment:</u> Variances in district summary data and reported P-2 and annual attendance</p>	<p><u>District Comment:</u> Refer to District response on page 170.</p>	<p><u>Questioned Cost Amount:</u> (\$214,382) District filed amended P-2 to recoup lost funding</p>
<p><u>Finding #06-36</u> Variances in the district's attendance summaries and school site summaries. (refer to page 172)</p>	<p><u>SCO Comment:</u> District summaries for Independent Study did not reconcile with P-2 reports.</p>	<p><u>District Comment:</u> Refer to District response on page 172</p>	<p><u>Questioned Cost Amount:</u> (\$271,688) District filed amended P-2 to recoup lost funding</p>
<p><u>Finding #06-37</u> Attendance improperly reported by district. (refer to page 173)</p>	<p><u>SCO Comment:</u> Attendance not properly reported at school sites.</p>	<p><u>District Comment:</u> District has expanded its site attendance training. (refer to District response on page 174)</p>	<p><u>Questioned Cost Amount:</u> \$1,589</p>
<p><u>Finding #06-38</u> Non-compliance with teachers credentials requirements. (refer to page 176)</p>	<p><u>SCO Comment:</u> Identified teachers who did not have valid teacher credentials</p>	<p><u>District Comment:</u> District strengthened internal systems. (refer to district response on page 178)</p>	<p><u>Questioned Cost Amount:</u> \$10,907 District will work with CDE to waive questioned cost</p>
<p><u>Finding #06-39</u> Kindergarten continuation forms not provided. (refer to page 179)</p>	<p><u>SCO Comment:</u> District did not provide continuation forms to parents of retained students</p>	<p><u>District Comment:</u> Refer to District response on page 180</p>	<p><u>Questioned Cost Amount:</u> \$5,536</p>

<p><u>Finding #06-40</u> Independent study attendance records, agreements, and work samples deficient or not provided. (refer to page 181)</p>	<p><u>SCO Comment:</u> District over reported ADA</p>	<p><u>District Comment:</u> Refer to District response on page 183</p>	<p><u>Questioned Cost Amount:</u> \$41,792 District will work with CDE to waive questioned cost</p>
<p><u>Finding #06-41</u> Deficiencies in attendance recording and reporting: scope limitation in testing Continuation education. (refer to page 184)</p>	<p><u>SCO Comment:</u> Aeries system does not properly credit attendance hours</p>	<p><u>District Comment:</u> Report totals in Aeries system modified. (refer to District response on page 184)</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-42</u> Adult Education program attendance reporting deficiencies and program non-compliance. (refer to page 186)</p>	<p><u>SCO Comment:</u> Incorrect attendance accounting.</p>	<p><u>District Comment:</u> District has strengthened systems. (refer to District response on page 187)</p>	<p><u>Questioned Cost Amount:</u> \$566.84</p>
<p><u>Finding #06-43</u> Insufficient grade 4-5 instructional minutes. (refer to page 188)</p>	<p><u>SCO Comment:</u> Deficient minutes at two schools</p>	<p><u>District Comment:</u> District agrees with finding. Instituted a web-based bell schedule monitoring system. Compliance office now monitors sufficiency of minutes (refer to District response on page 189)</p>	<p><u>Questioned Cost Amount:</u> \$262,452 District will work with CDE to waive the questioned cost</p>

<p><u>Finding #06-44</u> Non-compliance with and errors in funding claim for program to reduce class size in tow courses in grade 9. (refer to page 190)</p>	<p><u>SCO Comment</u> Deficiencies in claim data.</p>	<p><u>District Comment:</u> Refer to District response on page 192.</p>	<p><u>Questioned Cost Amount:</u> \$28,856</p>
<p><u>Finding #06-45</u> Non-compliance with instructional material program requirements. (refer to page 193)</p>	<p><u>SCO Comment:</u> Date and time of Board instructional materials hearing did not comply with Education Code requirements</p>	<p><u>District Comment:</u> District will appeal to ACOE. (refer to District response on page 194)</p>	<p><u>Questioned Cost Amount:</u> \$2,635,109 District will file a waiver request with ACOE</p>
<p><u>Finding #06-46</u> Scope limitations in testing IMFRP expenditures: no evidence provided that the governing Board adopted grades 9-12 instructional minutes listing (refer to page 195)</p>	<p><u>SCO Comment:</u> No evidence of Board approval.</p>	<p><u>District Comment:</u> Refer to District response on page 196. Instructional materials funds will be tracked by K-8, 9-12 for textbook materials. 9-12 materials will be approved by the Board.</p>	<p><u>Questioned Cost Amount:</u> \$239,520 District will file a waiver request with ACOE</p>
<p><u>Finding #06-47</u> Certain categories of employees inappropriately included in ratio of administrative employees to teachers. (refer to page 198)</p>	<p><u>SCO Comment:</u> Some positions incorrectly recorded in ratio calculation</p>	<p><u>District Comment:</u> District is in compliance with required ratio. (refer to District response on page 199)</p>	<p><u>Questioned Cost Amount:</u> \$0</p>

<p><u>Finding #06-48</u> Inaccurate data used in Gann limit calculation. (refer to page 200)</p>	<p><u>SCO Comment:</u> Gann limit based on incorrect data</p>	<p><u>District Comment:</u> Dissect made all Gann limit corrections in 2007-08 fiscal year</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-49</u> Commingling of school construction bond process and project tracking deficiencies: scope limitation in testing school construction funds. (refer to page 201)</p>	<p><u>SCO Comment:</u> Commingling of Measure A funds.</p>	<p><u>District Comment:</u> District asserts that it can correctly identify alleged commingled funds, (refer to District response on page 202)</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-50</u> Non-compliant Proposition 20 lottery fund expenditures. (refer to page 204)</p>	<p><u>SCO Comment:</u> Expenditures reviewed not in compliance with Education Code.</p>	<p><u>District Comment:</u> Refer to District response on page 205</p>	<p><u>Questioned Cost Amount:</u> \$270,946</p>
<p><u>Finding #06-51</u> School accountability report card (SARC) reporting errors. (refer to page 206)</p>	<p><u>SCO Comment:</u> Inaccurate reporting in all sites tested.</p>	<p><u>District Comment:</u> District has created additional reporting safe guards. (refer to District response on page 208)</p>	<p><u>Questioned Cost Amount:</u> \$0 District will attempt to verify compliance</p>
<p><u>Finding #06-52</u> Class size reduction (CSR) no training policy</p>	<p><u>SCO Comment:</u> No formal training policy as required</p>	<p><u>District Comment:</u> District does not agree. (refer to District response on page 209)</p>	<p><u>Questioned Cost Amount:</u> \$0</p>
<p><u>Finding #06-53</u> Lack of fiscal monitoring and oversight of district's charter schools. (refer to page 211)</p>	<p><u>SCO Comment:</u> District provided no evidence of fiscal monitoring</p>	<p><u>District Comment:</u> District strengthened monitoring system in 2007-08. (refer to District response on page 213)</p>	<p><u>Questioned Cost Amount:</u> \$0</p>



DR. ROBERTA MAYOR Superintendent

August 19, 2008

RE: 2005-06 Audit Report

Dear:

Attached is one of the 53 findings from the Audit Report of the 2005-06 fiscal year, conducted of the district by the State Controller's Office (SCO). The SCO is beginning its audit of the 2006-07 fiscal year, and unfortunately, this finding might be repeated as a finding in the 2006-07 audit report if it was not corrected previously.

Please review this audit finding and indicate whether this finding has been corrected, and the evidence that documents that it has been corrected, or explain how it will be addressed during this coming year. I would like to share with the Board of Education and the BOE Audit Committee the progress the district has made to improve its internal operations and reduce the number of audit findings.

Please submit your response to my office by September 5, 2008 or earlier. Thank you for your assistance.

Sincerely,

Roberta Mayor, Ed.D.
Interim Superintendent

Legislative File

File ID No. 08-1768
Introduction Date 8/14/2008
Enactment No.
Enactment Date 8/29/08
By