

Draft Procedures for the Oakland Unified Measure G1 parcel tax audit. Draft document for discussion purposes only (12/4/2017).

Objectives

- Ensure proceeds and expenditures of the parcel tax are fully accounted in the books and records of the district.
- Ensure expenditures are in support of allowable uses as per the ballot language, separately with respect to middle school grants, salary for school site educators, and administrative overhead.
- Ensure that middle school grants and charter school grants were allocated as per the ballot language.
- Ensure that the administrative overhead allocation does not exceed 1% cumulatively from inception, exclusive of county collection costs.
- Ensure that each middle school has an education improvement plan with the minimal requirements specified in the ballot.
- Ensure that senior citizen exceptions and low-income exemptions are complete, accurate, and supported by source documents.
- Make a positive statement about the issue of supplanting versus supplementing.

Scope

- District expenditures funded by measure G1 during fiscal year 2017-18.

Methodology

1. Obtain parcel tax expenditure detail reports prepared by the District and agree amounts to the general ledger.
2. Review the nature of the expenditures, and review source documents as appropriate, to ensure they were within the specific purposes of the ballot language.
3. Select a sample of payroll related expenditures and obtain and review the necessary supporting documentation to satisfy ourselves that they were only to provide raises to "school site educators," as the term is used in the ballot text. Test payroll benefits for reasonableness.
4. Ensure the same percentage increase in salary was applied to all school site educators.
5. Ascertain if funds were used to provide services which they were legally required to make available by virtue of being a school. Also, perform procedures to determine whether the parcel tax funded services that were previously provided with another funding source.

6. Recalculate the ratio of administrative overhead charges to total proceeds to ensure that no more than 1% of proceeds are being spent on administrative overhead, cumulative and exclusive of county collection costs.
7. Recalculate the 65/35 percent allocation between raises for school site educators and middle school grants.
8. Select a sample of district schools and a sample of charter schools. Test the allocation of grant proceeds to the sample of schools.
9. Select a sample of middle schools and a sample of charter middle schools. Obtain the approved education improvement plans and ensure they contain the minimal elements required by the ballot.
10. Obtain an understanding of how the district processes the senior citizen exceptions and low-income exemptions. Select a sample of exemptions and apply procedures to ensure they are complete, accurate, and supported by source documents.
11. Determine, from the expenditure testing performed, if there were any a) control deficiencies, b) significant deficiencies or c) material weaknesses in internal control noted. To the extent there are deficiencies noted, prepare a separate report to the District listing the weakness noted and the recommended corrective action.
12. Examine sufficient supporting documentation to validate the amount of Measure G1 Parcel Tax revenues received.